

## MEDICAL CORPS

*To be captains*

Orlo Charles Paciulli.      Ralph Mathew Thompson.  
Gilles Edward Horrocks.      Paul Crump Gilliland.

## POSTMASTERS

## CALIFORNIA

John V. Covell, Arcadia.  
Jesse D. Myers, Arlington.  
George Friend, Brea.  
Thomas J. Wylie, Cedarville.  
Corinne Dolcini, Guadalupe.  
Harry H. Chapman, Hornbrook.  
Nettie Fausel, Independence.  
Nannie A. Coleman, Kentfield.  
James Gillies, Napa.  
Frank E. Quirk, Rosemead.  
Anna McMichael, San Juan Bautista.  
Catherine E. Ortega, Sonora.  
Mary S. Rutherford, Truckee.  
M. Elizabeth Woods, Wilmington.

## GEORGIA

Seaborn H. Coker, Sycamore.

## IOWA

George W. Goss, Blainstown.  
Ella Yeager, Cincinnati.  
Alexander B. Clark, Clarinda.  
Josephine Slagle, Cylinder.  
Ralph J. Viner, Elliott.  
Marion G. McCreight, Greenfield.  
Frank H. Davis, Ionia.  
Hudson K. Piatt, Macedonia.  
Everett G. Tripp, Mapleton.  
Miller S. McFarland, Marshalltown.  
Harry C. Goplerud, Osage.  
Marvin K. Moore, Pacific Junction.  
Wynema Bower, State Center.  
Thompson C. Moffit, Tipton.

## MISSOURI

James E. Roark, Anderson.  
Cleo J. Burch, Brookfield.  
Walter L. Hert, California.  
Charles C. Bishop, Clarence.  
Edward C. DeField, East Prairie.  
Henry P. Hughes, Everton.  
Merton M. Meador, Exeter.  
George Thayer, Flemington.  
Henry M. Phillips, Goodman.  
Samuel H. Hudson, Granby.  
William W. Shoop, Green City.  
Maude F. Eaton, Leadwood.  
Ione C. Ritter, Lees Summit.  
Byron Burch, Linneus.  
Ada J. Barker, Marquand.  
Oliver W. Neff, Nevada.  
Alexander T. Boothe, Pierce City.  
John E. Klumpp, Rich Hill.  
Oley S. Cardwell, St. Clair.  
Leo V. Anderson, St. Joseph.  
Otis H. Storey, Senath.  
Frances R. Jones, Sheldon.  
James R. Simmons, Stotts City.

## NEBRASKA

William S. Burrows, Albion.  
George W. Bennett, jr., Arnold.  
Dolph L. Houser, Campbell.  
Erma G. Stoll, Curtis.  
Sanford E. Ralsten, Geneva.  
Louis R. Eby, Hartington.  
Frank J. Prucha, Howell.  
Ernest G. Miller, Lynch.  
Robert G. Walsh, Morrill.  
Augusta Robb, Union.

Ray W. Jones, Utica.  
Ruth L. Mead, Western.  
Louis J. Bouchal, Wilber.  
Harry H. Jordan, Wilcox.

## NEW YORK

Charles A. Sandburg, Jamestown.

## SOUTH CAROLINA

Henry W. Garrison, Easley.  
Francis M. Ellerbe, Jonesville.  
Patrick E. Scott, Newberry.  
Alfred H. Boiter, Tucapau.  
Murphy T. Sumerel, Ware Shoals.

## WASHINGTON

Rudolph R. Staub, Bremerton.  
William W. Campbell, Colville.  
Edward R. Scott, Edmonds.  
J. Kirk Carr, Sequim.

## WEST VIRGINIA

Thomas W. Stalnaker, Elkins.  
Horatio S. Whetsell, Kingwood.  
Waitmon T. W. Morgan, Rainelle.  
Claude Pepper, Salem.  
Lawrence B. Kenniburg, Thomas.  
Frederick M. Hippert, White Sulphur Springs.

## WISCONSIN

Sylvester L. Prentice, Cornell.  
George H. Reinders, Elm Grove.  
Elvin E. Strand, Strum.  
Charles R. Sawnsen, Suamico.  
Herman C. Gralow, Woodville.

## HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 29, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Holy Spirit, faithful Guide, do Thou hear our supplication. As we venture upon this day, may we not reject the wisdom that cometh from Thy Holy Word. With open minds may we accept the precepts of its wise and cautious teachers. Touch us where our heart lies, that its undertone may be of that rest which inspires the sweet song of life. Oh, may its string never break or its harp become tuneless. Again, our Father, lead us to understand that cooperation is the basis of success and, if wisely observed, will feed the roots of stable government. We bear upon the lips of this noon-day prayer a petition for these honored and faithful servants of our land. We beseech Thee that the whole course and flow of this Congress may be the very fountainhead from which all our people shall gather inspiration which shall be justified for years to come. Spirit of the Most High, move upon us, and with urgency and zeal, with longings and aspirations may we press faithfully onward. Amen.

The Journal of the proceedings of yesterday was read and approved.

## THE REVENUE BILL

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. BANKHEAD in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill of which the Clerk will read the title.

The Clerk read the title, as follows:

H. R. 10236, a bill to provide revenue, equalize taxation, and for other purposes.

The Clerk proceeding with the reading of the bill, read as follows:

(b) Adjusted basis: The adjusted basis for determining the gain or loss from the sale or other disposition of property, whenever acquired, shall be the basis determined under subsection (a), adjusted as hereinafter provided.

(1) General rule: Proper adjustment in respect of the property shall in all cases be made—

(A) for expenditures, receipts, losses, or other items, properly chargeable to capital account;

(B) in respect of any period since February 28, 1913, for exhaustion, wear, and tear, obsolescence, amortization, and depletion (computed without regard to discovery value or percentage depletion), to the extent allowed (but not less than the amount allowable) under this act or prior income tax laws;

(C) in respect of any period prior to March 1, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion, to the extent sustained;

(D) in the case of stock (to the extent not provided for in the foregoing subparagraphs) for the amount of distributions previously made which, under the law applicable to the year in which the distribution was made, either were tax-free or were applicable in reduction of basis (not including distributions made by a corporation, which was classified as a personal-service corporation under the provisions of the revenue act of 1918 or 1921, out of its earnings or profits which were taxable in accordance with the provisions of section 218 of the revenue act of 1918 or 1921).

(2) Substituted basis: The term "substituted basis" as used in this subsection means a basis determined under any provision of subsection (a) of this section or under any corresponding provision of a prior income tax law, providing that the basis shall be determined—

(A) by reference to the basis in the hands of a transferor, donor, or grantor, or

(B) by reference to other property held at any time by the person for whom the basis is to be determined.

Whenever it appears that the basis of property in the hands of the taxpayer is a substituted basis, then the adjustments provided in paragraph (1) of this subsection shall be made after first making in respect of such substituted basis proper adjustments of a similar nature in respect of the period during which the property was held by the transferor, donor, or grantor, or during which the other property was held by the person for whom the basis is to be determined. A similar rule shall be applied in the case of a series of substituted bases.

Mr. GARNER. Mr. Chairman, I move to strike out the last word.

Mr. CRISP. Mr. Chairman, I ask unanimous consent that the Speaker be given such time as he desires.

The CHAIRMAN. Without objection, it is so ordered.

Mr. GARNER. Mr. Chairman, I will not abuse the privilege, because it is not my purpose to make an extended statement. When I was elected Speaker of the House of Representatives it was my purpose then—and it has been my purpose all along, and it shall be my purpose in the future—to preside over the House of Representatives as impartially and fairly as my intellect will permit. [Applause.] In order to do that I felt it would be better if I did not enter into general debate for fear it might become partisan, and therefore I have refrained up to this time to take the floor on any subject.

It was my intention to refrain this session from addressing the House or the Committee of the Whole; but, in view of the fact that I had served 18 years on the Ways and Means Committee, had acquired some knowledge of taxation, it was felt by some of my colleagues on that committee that I owed a duty to the House to make some statement concerning the tax situation. Yielding to that, I appear before you this morning to make what I conceive to be a statement as to the duty and right of each Member of the House from my viewpoint.

In October the President of the United States requested certain Members of Congress to come to Washington to consider certain questions that he had in view to recommend to the Congress of the United States when it met.

While here in Washington there was a very grave doubt in the minds of certain officials and members of the administration whether there would be a tax bill at the coming session.

After ascertaining this, I returned to my home and for the first time in my life undertook to prepare an address to the House of Representatives, believing that the Republicans would organize the House and that my Democratic colleagues might elect me leader.

I believed then, as I do now, that it was the duty of our Government to sustain its credit and to ask Congress to balance the Budget. [Applause.] That speech will never be delivered, because I was not selected as the minority leader but happened to become the Speaker of the House of Representatives.

I arrived here on the 11th of November, before the Congress met. The newspaper men gathered in my office at that time, when it looked as if the Democrats would organize the House of Representatives, and whatever I might say might be interesting to the country. The first interview I gave was to impress upon them—and, I hope, to impress upon the country and my colleagues—the importance of maintaining the financial integrity of this Republic. [Applause.] I have from that time until this repeatedly, before Congress met and before I was elected Speaker, maintained that the highest possible duty that the House of Representatives could perform for the people of the country during this session was to levy sufficient taxes to sustain the financial integrity of the Republic.

It was suggested by some of my colleagues, both in the Senate and in the House, that it might be advisable from a party standpoint and of the service to the country that the Democrats of the House and the Senate get together and, so far as they could, outline a program or policy which we thought would be to the best interests of the country. In pursuance of that thought, Senator ROBINSON, leader of the Democrats in the Senate, and myself selected what is known as the policy committee. It was composed of 10 Members of the Senate and 10 Members of the House. I shall read the names of that committee, because I think it will illustrate both to the Republicans and, I hope, to my Democratic friends that the committee is composed of average Democrats of the House and of the Senate.

The Members from the Senate are Senators ROBINSON of Arkansas, WALSH of Montana, WALSH of Massachusetts, HARRISON, PITTMAN, GLASS, BULKLEY, WAGNER, HULL, BARKLEY. The Members of the House on that committee are GARNER, RAINEY, BYRNS, CULLEN, CRISP, BANKHEAD, TAYLOR of Colorado, DREWRY, SANDLIN, and GREENWOOD. That committee from time to time had meetings in my office for the purpose of discussing what was the best interest of the country as well as the best interest of the Democratic organization of the House and the Senate. On January 6 of this year, after a two hours' session and a full discussion, that joint committee unanimously decided upon this language as expressing what should be the Democratic policy of the Senate and the House of Representatives:

It is of primary importance that the Budget be balanced promptly.

As I say, that was unanimously adopted by the policy committee. I believed then, and I believe now, that the paramount duty of the House of Representatives is to levy sufficient taxes of some kind, of some nature, that will sustain the credit of this country in the eyes of the world as well as our own people. Later on the Ways and Means Committee went to work with a view of bringing about that desired end. After a discussion of more than 30 days—and if I make a mistake in any statement concerning the Ways and Means Committee, I hope the gentleman from Georgia will call my attention to it—

Mr. CRISP. Mr. Chairman, we had hearings lasting more than 30 days. Over 177 witnesses appeared before us, and the committee was in executive session about five weeks before we finally brought out the bill.

Mr. GARNER. Before the bill was reported, some two or three weeks before it was brought out, it was decided by a meeting of the Democrats of the Ways and Means Committee and myself in Mr. CRISP's office that the better policy would be to prepare a nonpartisan tax bill and present it to the House of Representatives. In view of the fact that the Democratic majority is small, we felt it would be difficult, if not impossible, to pass in the House of Representatives a partisan bill. In addition to that, in the hearts of these men and in their conversations they thought it was the more patriotic thing to take into our confidence the entire mem-



bership of the House in undertaking to pass this important piece of legislation. The only two thoughts conveyed to the country in the statement from the Ways and Means Committee was that it was to be a nonpartisan bill and that there were to be sufficient taxes raised to balance the Budget.

I mention the background to this, Mr. Chairman, and my Democratic friends especially, to meet some criticisms that have been directed at me for advocating the policy of levying sufficient taxes to sustain the credit of the Government. In view of that background, I think I had a right to ask the House of Representatives, and especially the Democrats, to join with us in an effort to levy sufficient taxes to take care of the obligations made by the Congress of the United States. The Committee on Ways and Means went about their work in executive session and reported a bill to the House of Representatives. In the course of those executive sessions I was told, and I think the membership of the House was told, that the committee believed it impossible to find sufficient taxes which they thought the House would indorse in order to balance the Budget, unless they went to a manufacturers' tax. My reply to that was that I had been opposed to a sales tax ever since I had been a Member of Congress, and I had always been and always would be opposed to a sales tax. I am now opposed to a sales tax; but, gentlemen, if I find it impossible to balance this Budget and restore the confidence of the world and our own people in our Government without some such tax I would levy any tax, sales or any other kind, in order to do that. [Applause.] I think more of my country than I do of any theory of taxation that I may have, and the country at this time is in a condition where the worst taxes you could possibly levy would be better than no taxes at all. [Applause.]

The Committee of the Whole House acted otherwise. I have no quarrel with you. I have said on the floor of this House scores and scores of times, and I repeat it now, that I do not believe in rules being applied to the House of Representatives that take away from it the freedom of expression not only of your voice but of your vote. I believe in freedom of expression; therefore I was unwilling to have any gag rule, so called, applied to the consideration of this bill. I wanted the Members to have free opportunity to express themselves in the Committee of the Whole, and you have had that opportunity. You have expressed yourselves; you have arrived at a conclusion that you will not have a sales tax; and, I repeat, I have no quarrel with you because of it.

I appeal to you, not only in the name of my party but my country, that in view of the fact there has been stricken from this bill more than \$500,000,000 of taxation, it is your duty, your paramount duty, to help this House and this Committee restore some taxes to this bill in order that this country's financial integrity may be maintained. [Applause.]

My only object in taking the floor was to make that one appeal.

Last Saturday, as well as yesterday, the people of the world realized that Congress, in a gesture, had indicated that it did not intend to balance this Budget. What was the result, not only among American people but among the peoples of the world?

As reflected through the New York Stock Exchange and other exchanges in this country, what did we find? We found the foreigner selling the dollar. We found our exchange going down more than it has at any time in the past 12 years. We found it renewed yesterday, and we found that followed by a sharp reduction in United States securities. What does that mean? It simply means that the \$1,800,000,000 of money belonging to foreigners who have come to us with the idea that this flag not only protected the person but protected property, and who put their credits in the banks of our country because they thought that was the safest place on the face of the earth to deposit their wealth, have transferred their gold to foreign vaults. When they heard around the world that there was some doubt about this Congress balancing the Budget, they immediately began to withdraw their wealth, to sell American exchange, and trans-

fer their gold to foreign vaults. As sure as I stand in the well of this House, I believe that if this Congress to-day should decline to levy a tax bill there would not be a bank in existence in the United States in 60 days that could meet its depositors. I believe that the shock to the Nation, the shock to the foreigner who is doing business with us, would be such that there would be a financial panic such as has never been equaled in this Republic since its organization.

This committee will bring in a program. I hope you will support it. [Applause.] I do not want all the taxes that are in there. You can not get just the taxes that you want. This committee is composed of 24 men from 24 different States. I believe you will admit they are fairly intelligent. They are patriotic. They want to serve the country. They want to serve you. They would like to bring in an ideal bill that could be voted for by every Member of this House, but it is impossible to do it.

So I appeal to you that if you do not like the taxes which they report, will you not be good enough, will you not have statesmanship enough when you criticize it and ask to strike it out, will you not have the manhood to substitute something in its place? [Applause.]

At the risk of being criticized I want to give to the world and to the country to-day, if I can, an expression of this House, so that the world and the country may realize we are going to balance the Budget. Mr. Chairman, may I do an unusual thing? I may be criticized for it, but I want every man and every woman in this House who hopes to balance the Budget and who is willing to go along with that effort to try to balance the Budget to rise in their seats. [Applause, the Members rising.]

Now, if they do not mind, those who do not want to balance the Budget can rise in their seats. [No one rises.]

I think this ought to restore to the American people confidence in our country. [Applause.]

We may have differences among ourselves, but in our hearts we are patriotic. We want to serve this Republic. This is a sensible Congress and we can get sensible results.

I again want to ask the charity of the House, and I am going to say to the membership that, with their permission, for the balance of the consideration of this bill I hope to participate in it. [Applause.]

I said to the gentlemen of the Ways and Means Committee yesterday that I would not consider it any reflection on me or on my honor or integrity or desire to serve the Nation if the committee disagreed with me about some of the taxes. That is a privilege. It is not only a privilege but it is the duty of the Members to express themselves. [Applause.]

I am an organization Democrat. I never in my life cast a vote against my own judgment except I had to go along with the Democratic organization. [Applause.] I have done that, and I will do it again. You must have organization. We have it through committees, and it is the only way we can function in this House.

Let me say to the Republican side that during the consideration of this bill, while some remarks have been made by men in high authority on the outside that ought not to have been made, the membership in this House on the Republican side has been quite decent. [Applause.] I am willing to pay them that encomium because they are entitled to it.

Gentlemen, I just wanted to say these few words to you. Let me say to the Democrats alone, do not become critical, do not throw brickbats, let us be brotherly so far as we can. If one of us should disagree, do not point your finger at him and say he is not a Democrat. That is not the thing to do, and it is not helpful. I pray you on this side to be in a good humor so far as you can. You are here to serve your country; and, gentlemen, let us put through this legislation at the earliest date possible in the interest of our country. [Applause, the Members rising.]

Mr. SNELL. Mr. Chairman, I move to strike out the last two words. [Applause, the Members rising.]

Mr. Chairman, in view of the very extraordinary statement made by our distinguished Speaker, I feel it is incumbent upon me to say a few words at this time, not-



withstanding the fact that I have a severe cold and my voice is not in very good condition to speak.

However, I want to say to the Speaker of the House, to the Democratic majority, and to the people of this entire country that, as far as I know the sentiment of the minority side, we are in entire sympathy with everything the Speaker has said in regard to the need and necessity of balancing the Budget at the present time. [Applause.] We truly feel that is the most important and really the first obligation resting on this House. We are willing to do our part in doing the work the country expects of Congress at this time. [Applause.]

I was among the Members on our side who had a tentative agreement that we would write a nonpartisan tax measure. I thought that was best for the interest of the entire country, and I still believe so. While, as the Speaker said, I had never been especially in favor of the manufacturers' sales tax, yet when the great Ways and Means Committee said that was the only way they could find to get the money at this time and in this emergency, I accepted that proposition and supported it to the best of my ability as long as it was before the committee. However, if it is necessary to have some other line of taxation, I am willing to go along on that other line.

We all know very well that when the news went out to this country and the nations of the world that we were faltering on the proposition of whether we would balance the Budget or not, that cost this country in depreciated value of securities just twice the entire amount you are trying to raise by this tax measure. Every man well knows that. If there was so much trouble over the fear that we would not balance the Budget, no one knows what would happen if we actually failed to do our duty.

As far as I know, the Republican minority are willing to continue to go along and do the best they can in supporting the Ways and Means Committee in levying enough taxes to pay the expenses of the Government. That is the vital proposition before us at the present time, and we must not fail.

We are not especially interested in any one particular line of taxation. You can make any tax program you like and send it out to the country, and every individual man who is affected by that program will oppose it. Every individual can argue effectively against any tax that affects himself. But the duty devolves upon us to do what we think is right at this time, and I have faith enough in this House to know that it will do what is expected. [Applause.] The important thing is to pass a tax measure that is reasonably fair and just to every class and to every part of the country.

I can assure the Speaker and the members of the Ways and Means Committee that the majority on our side of the aisle will fairly and justly consider every proposition made by the committee. We expect to back the committee to the fullest extent in passing a law that will balance the Budget and give this country enough money to pay its running expenses and maintain the Nation's credit, both at home and abroad. [Applause, the Members rising.]

Mr. CRISP. Mr. Chairman, I ask unanimous consent to address the committee for 12 minutes. The reason for the request is that I desire to present the alternative program which the Ways and Means Committee to-day decided to recommend for the consideration of the Committee of the Whole. It takes some time to read it, and I want to give you the whole picture so far as it has been agreed to by the committee.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. CRISP. Mr. Chairman, some months ago I became convinced that the welfare of the Nation required a balanced Budget, and that without it there could be no economic recovery. As it is my philosophy to believe that I serve my district best when I serve my country best, I determined to go the whole length to do what I could toward the balancing of the Budget. [Applause.]

No taxes, my friends, are pleasant. No one wants to pay taxes. Under whatever form taxes are levied, if the competition of the business permits it, the taxes are passed on to the consumer and they are, in reality, sales taxes.

The committee cheerfully acquiesced—as it could not do otherwise—in the decision of the House not to adopt a manufacturers' sales tax. We simply brought it to you for you to consider. You have given us your judgment on it. You are opposed to it. It is eliminated and the committee will not, of course, attempt again to present a manufacturers' sales tax to you. [Applause.]

When it was eliminated from the bill, about \$500,000,000 of contemplated revenue went out and it left the bill that amount short of balancing the Budget.

As soon as you acted on the sales tax, as acting chairman of the Ways and Means Committee, I appointed a subcommittee to consider items to suggest to you to raise money to balance the Budget. That committee met in a bipartisan way. There has been no partisanship in the consideration and preparation of this bill from the first day up to now. The minority leader, the gentleman from New York, has cooperated with me. I have talked with him about this bill as freely as I have talked with the Speaker from the time we started its preparation. [Applause.]

The members of the subcommittee have been very diligent and have worked day and night. This morning they reported their substitute plan to the full Committee on Ways and Means and the Ways and Means Committee to-day approved it. This subcommittee is continued in office. There may be some necessity for offering other amendments, especially if some of these items are rejected, in order to provide adequate revenue to balance the Budget.

The Ways and Means Committee was made happy this morning when this House signified its determination to balance the Budget, and if any of these items are eliminated, the subcommittee will make a report to the full committee and the full committee will report items to you for your consideration.

Without enumerating the changes made by the Committee of the Whole House on the state of the Union as to income taxes, inheritance taxes, and so forth, I am going to read to you the proposal which the Ways and Means Committee indorsed this morning and decided to present to you for your consideration. These items will be offered separately as committee amendments, and under the unanimous-consent agreement which the House kindly gave, the Ways and Means Committee has the right to recur to any part of the bill that has been passed over. So I am going to start, at the conclusion of this discussion, unless some other gentleman desires to speak, to offer these committee amendments to Title IV. They are open to discussion for adoption or for rejection, and the committee will welcome suggestions from any of the Members of the House, for the sole, burning thought of your committee is to levy taxes to balance the Budget.

The committee recommends that the surtax bracket which now starts at \$10,000 commence at \$6,000 income, and this will produce \$7,000,000 additional revenue.

Under the bill as reported, a corporation with a net income of less than \$10,000 was given a \$2,000 exemption. The committee recommends reducing that to \$1,000.

My friend from Arkansas [Mr. Ragon] suggests that possibly I should not give the amount of the yields, but I think I will give them to you. They may be inaccurate and may have to be checked up. If they prove short, we will propose something else to you.

Repeal of the net losses—these wash sales—\$20,000,000 more.

Section 115 (b) dividends, \$9,000,000 more.

Dividends (section 115 (d)), \$2,000,000 more.

Rearranged depletion allowance, \$12,000,000 more.

Sales of stock, one-fourth of 1 per cent, but not less than 4 cents per share, estimated to yield \$75,000,000. [Applause.]

We had an estimate of \$125,000,000 on this item, but after conferences with the subcommittee last night, at which I



was not present, representatives of the Federal Reserve Bank in New York and some of the officers of the stock exchanges, on account of the volume of business and in the interest of accuracy of estimate, reduced that amount to \$75,000,000.

Bond transfers, one-eighth of 1 per cent, \$13,000,000.

Capital stock and bonds, issues of (10 cents per \$100), \$13,000,000.

Conveyances, a tax of 50 cents on each \$500 of value in real-estate transfers, the same as the war-time tax on real-estate transfers, \$10,000,000.

Sales of produce on exchanges, 5 cents per \$100—it is now 1 cent and we have raised it to 5 cents—estimated to yield \$6,000,000.

The committee recommends changing the exemption on admissions to picture shows, raising it from 25 cents to 45 cents. [Applause.] This will produce \$40,000,000. The bill as reported by the committee was estimated to produce \$90,000,000.

Now some excise taxes:

Cosmetics, 10 per cent, estimated to yield \$25,000,000. [Applause.]

Furs, 10 per cent, estimated yield, \$20,000,000—although, to be candid, I fear the amount of this estimate is excessive. Jewelry, 10 per cent, \$15,000,000.

Sporting goods and cameras, 10 per cent, \$4,000,000.

Beverages, the act of 1921 rates, \$11,000,000.

Matches, 4 cents per 1,000, \$11,000,000.

Chewing gum, 5 per cent, \$3,000,000.

Radios, phonographs, 5 per cent, \$11,000,000.

Mechanical refrigerators, \$4,500,000.

Automobiles, a rate of 3 per cent on passenger cars, a rate of 2 per cent on trucks, and a rate of 1 per cent on accessories, which will yield \$57,000,000.

Yachts, motor boats, and so forth, above value of \$15, one-half million dollars.

Gentlemen, this is a negligible amount of money, but the committee felt that inasmuch as they were taxing automobiles and other methods of transportation they should include yachts.

In the original plan we estimated changes in legislation relative to the Postal Service that would save \$25,000,000. The committee recommends now that with a little change this will save \$27,500,000.

Mr. RAGON. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. RAGON. The reason I suggested a while ago not to give these estimated amounts at this time is justified by this item here. Just a few moments ago I had word from the Post Office Department that you would increase that item from \$27,000,000 to \$30,000,000, and I would like to say here with respect to many of these items—for instance, the one the gentleman has already suggested with respect to furs—that is being rechecked. Many of these things are substantially correct, but may vary in one way or another to some extent.

Mr. CRISP. I know my friend has the same desire I have to lay the whole proposition before you, giving you all the information we have, and that is why I am reading this.

Mr. SPARKS. Will the gentleman yield?

Mr. CRISP. Will the gentleman let me finish this list, and then I shall be pleased to yield. I think the committee would like to have this in full.

Then the committee, as much as it dislikes to do it, forced to the necessity of raising money, recommends to you that the first-class postage be increased from 2 to 3 cents, which will yield \$135,000,000. [Applause.]

Now, I think the country expects Congress to reduce the Federal expenditures, and I think the membership of both branches of Congress think that the \$4,000,000,000 Budget is excessive, and that it should be reduced, and I think Congress will reduce it.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman from Georgia have 10 minutes more.

The CHAIRMAN. Without objection, it is so ordered.

Mr. CRISP. The subcommittee did not desire to bring in any statement as to the amount that might be saved. They conferred with the chairman of the Appropriations Committee, they conferred with some Senators, they conferred with the Secretary of the Treasury, Mr. Mills, and other employees of the Treasury Department. It is assumed that \$243,000,000 can be cut from the Government expenditures, and the Ways and Means Committee will cooperate in every way possible to bring about this reduction, and I believe that the membership of the House on both sides will do that.

It also recommended an excise tax of 5 per cent on candy, estimated to yield \$12,000,000. A 10 per cent tax on safety deposit boxes that will yield \$1,000,000.

Now, the sum total amounts to \$1,293,000,000, or approximately \$50,000,000 more than is necessary to balance the Budget.

If you gentlemen accept this program, you balance the Budget. If you strike out any item, which you have a right to do, I appeal to you to give us the benefit of your estimate, your counsel, your aid, in proposing something in lieu of it.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. VINSON of Kentucky. In regard to the stock transfers, the gentleman said it would yield \$125,000,000. I want to call the gentleman's attention to the fact that the correct estimate is \$75,000,000.

Mr. CRISP. I thank the gentleman; he is correct. Now, gentlemen, if this program is adopted, it will balance the Budget, and in conclusion may I ask my friends—and I count every man and woman in the House my friend—to please cooperate with me in trying to speed the passage of this bill. We have talked and talked, but talk is not going to change things. The country wants action, and we can serve the country best by speeding up this legislation.

Mr. PARKS. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. PARKS. Has the committee considered the taxing of advertisements, such as in magazines, newspapers, political advertisements, over the radio?

Mr. CRISP. I will say to my friend that the committee did consider it, and there were a multitude of other things considered. In the program given out—and I gave it to the press as I left the committee room—there was a provision relating to affiliated and consolidated returns of 1 cent, but there was no final conclusion as to that. That is reserved for further consideration.

Mr. KVALE. In the consideration of the last committee amendment some of the Members attempted to offer amendments to the amendment offered by the Ways and Means Committee. The chairman then ruled—and properly so—that the usual expedient for securing recognition for five minutes by offering a pro forma amendment could not be employed, such pro forma amendments being amendments in the third degree. Debate upon any proposed change in the committee amendment was thus necessarily limited to 10 minutes, of which 5 were consumed by a member of the Ways and Means Committee in opposition.

In many specific instances this made for a deplorable lack of proper understanding of various amendments offered.

To-day, Mr. Chairman, a similar parliamentary situation will exist when committee amendments are offered. Upon some of the items enumerated, important changes in rates of taxation or in classifications may be proposed as amendments to the committee amendments, upon which it might be desired to have more than 10 minutes' debate. Can not some arrangement, temporary, at least, be made along that line?

Mr. CRISP. I hope the House will trust me. I think I have demonstrated fairness all through this bill.

Mr. KVALE. Indeed the gentleman has, and splendidly.

Mr. CRISP. Under the rule of the House five minutes debate are allowed for and five minutes against. We have a practice here of moving to strike out the last word and



going on and discussing the merits of the amendment. I shall have no disposition to shut off reasonable debate upon these amendments; but after there has been reasonable debate, I think the House ought to back me in a motion to close debate. [Applause.]

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. BLANTON. Why would it not be advisable, instead of levying a tax of one-quarter of 1 per cent on gambling transactions on the stock exchange, which the gentleman says will produce revenue of \$75,000,000, to increase that amount to three-quarters of 1 per cent, which would bring in revenue of \$225,000,000, or about \$150,000,000 more revenue than is now proposed by the committee, and then we would be able to eliminate from the bill the proposal to raise the postage on first-class postage from 2 to 3 cents?

Mr. CRISP. The gentleman, I think, is high in his estimate, but in these short sales the gentleman speaks of, there are two sales to make the transaction, and it runs the tax on them up to one-half of 1 per cent.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. O'CONNOR. I understand the gentleman proposes taxing the transactions on the stock exchanges and the produce exchanges. Am I correct?

Mr. CRISP. Yes.

Mr. O'CONNOR. Did the gentleman consider taxing transactions on the cotton and grain exchanges?

Mr. CRISP. I think they are all included. I think they should be.

Mr. O'CONNOR. The cotton exchange is not included in the produce exchange.

Mr. CRISP. It ought to be, and there should be an amendment to that effect. I was not on the subcommittee, but I think that ought to be taxed, and I thought it was taxed.

Mr. RAGON. It is taxed.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. WHITTINGTON. Has any consideration been given to the matter of the desirability of a rule that would permit the consideration of all these amendments en bloc, so as to facilitate the passage of the bill?

Mr. CRISP. There has not been. Personally I do not want a rule. I want the House to have an opportunity to show the world we can transact business under liberal rules. [Applause.]

Mr. LaGUARDIA. Mr. Chairman, I rise in opposition to the pro forma amendment and ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LaGUARDIA. Mr. Chairman, you have heard the Speaker of the House, the acting chairman of the Committee on Ways and Means, representing the majority, and the distinguished leader of the minority. May I just take a few minutes to express the viewpoint of a very small minority? I agree, and always have, with the plan of raising sufficient revenue to meet the current expenses of the Government. I shall not say "balance the Budget," the phrase coined recently, which has become so catchy, particularly among people who were first responsible for the Treasury deficit and are now seeking to hide their misdeeds and to make the wage earner and working people pay the entire cost of the depression. I have consistently maintained from the time that the first long-term bonds were issued to meet current expenses that we should not pass on to the next generations the blunders of to-day. As far back as July and August the progressives were in correspondence with each other and exchanging views on the question of a revenue bill. I was in correspondence with the distinguished Speaker of the House, and many of the items suggested to-day were included in a tentative plan which I offered.

After exchange of views and a careful study of the fiscal condition of the country I announced to my progressive col-

leagues in a formal statement the necessity of increasing taxes in order to meet the deficit. I believe it is quite proper that I read at this time a statement which I made on October 4, 1931, and which was, if my memory serves me right, carried in full by the press on that date. At that time, October 4, 1931, I said:

\* It is obvious that the progressives will have to take the initiative in pulling the country out of debt. The issuance of long-term bonds of \$1,000,000,000 to cover the present deficit is indefensible. It is not only bad finances but tends to destroy the very purpose of a Budget system and passes on to the next generation not only the cost of the present governmental expenses but makes the next generation pay for the blunder and incompetency of the present management.

Anyone can readily see, with a system of issuing bonds to pay for current expenses and spending public money without limitation, how easy it is, particularly on the eve of a national election, to avoid the inevitable necessity of increasing the Government revenue. I am certain that the progressives will not be a party to any such policy.

There seems to be a great deal of timidity on the part of leaders in coming right out and saying that there will be an increase in taxes next year. No one can honestly suggest legislation carrying additional expenditures unless he can first show his ability and willingness to raise the money. As I have stated, borrowing money for current expenses and passing it on to the next generation is not only bad financing, destructive of the Budget system, but downright political dishonesty. An individual or a corporation who would finance its current pay rolls and expenses out of borrowed money would be thrown into bankruptcy, placed into the hands of receivers, and liquidated. We shall not permit our country to be liquidated.

I shall suggest to my progressive colleagues, and I feel confident that we can agree on a policy not to permit the consideration of appropriation bills until we shall have passed the tax bills necessary to raise the revenue. We might permit consideration of one or two appropriation bills, but surely not more, pending preparation of the tax bills. But then, in the interest of sound legislation, we shall suggest deferring all appropriation bills until the tax bills are passed and signed. Such matters are entirely the functions of Congress specifically so delegated by the Constitution.

I intend to present to the progressive group, which will meet in the latter part of November, a complete financial program. Of course, other members of the group will present other programs which may be better than mine. One thing is certain: We will agree on a real, constructive, courageous financial policy for the Government. My plan will increase Federal revenues a little over \$750,000,000, and this plan does not include certain economies which I will present to the progressive group. I am mailing a copy of my taxation proposals to my progressive colleagues so that they may check the figures and study the proposition before we meet. I will be ready to announce the itemized schedule in a day or so.

Our legislative program will also be considered when we get together in November. I shall submit my proposals within a very short time.

At the same time a complete plan for tax revision was submitted. I then included many special excise taxes necessary to raise revenue. I also included, reluctantly but as a matter of necessity, the suggestion for an increase in first-class postage. The reason I took first-class postage was that other classes of postage created first-class mail, that it was an easily collectible tax, could not be avoided, and as a source of temporary additional revenue the public could easily adjust themselves to it.

As far back as last August and in my plan of October 4, 1931, I urged increased rates in inheritance taxes with an accompanying gift tax in order to prevent avoidance of the inheritance tax. May I repeat in passing, what I have said so many times, that the gift tax was purposely repealed under the Mellon plan so as to make possible the avoidance of the inheritance tax. I also at the time urged increased income taxes in the higher brackets. I submitted schedules gradually increasing the present rate of income tax which stops at 20 per cent on incomes over \$100,000 and I graduated them to 49 per cent on incomes in excess of \$2,000,000. While it is quite true that increased income taxes in the higher brackets may not at this time bring the increased revenue normally expected, I submit that it is a necessary tax and that I for one do not hesitate to state that it is a social tax as well as a revenue producer. I have slightly altered the plan proposed last October after the benefit of several months of additional study, calculations, conferences, and additional information.

The differences are very slight. I have suggested a tax on safety-deposit vaults because it is an easy tax to collect and



will bring in a few millions of dollars; not a large amount, but, considering the minimum cost of collection, a tax which should now be imposed.

A stock-transfer tax—that is, a percentage tax on all stock transfers—has been under discussion in this House for many years. No one can claim any originality in that. The committee has increased the stamp tax on stock transfers. The committee's recommendation would levy 4 cents a share on each share of stock transferred. Considering the magnitude of the turnover, it would seem that a tax of one-eighth of 1 per cent or one-quarter of 1 per cent on the amount paid for the stock with a minimum of the 4 cents suggested by the committee would be most timely. In the course of the discussion on the substitutes for the sales tax I am certain that some very interesting statements, data, and figures will be given. As I said, the stock-transfer tax has been suggested so long ago and studied for many years there is no reason why it should not be tried out at this time.

Just one word more on the sales tax as being unsuitable for conditions in the United States. I have already referred to a statement made by the Hon. Ogden L. Mills, Secretary of the Treasury, on December 14, 1931, which is so clear and convincing in opposition to the sales tax that it would seem further argument is unnecessary. Inasmuch as there has been some talk of a compromise exempting food, clothing, and medicines, it might be well to state here that the consideration of this so-called compromise disclosed how far-reaching and involved a sales-tax system is.

For instance, at first blush an exemption of food, clothes, and medicines seemed quite a concession. As I have stated before, I believe two or three times already, after careful analysis of the exemption plan it was found that while a suit of clothes was exempt, the textile, the buttons, the thread, the lining, and everything that went in it would be taxed; while a pair of shoes is exempt, the leather, the sole, the eyelets, the shoestrings would all be taxed. The same with medicine, while the prescription might be exempt, every chemical and component part that went into the prescription would be taxed. This alone will give an inkling of the cumbersome, far-reaching system of a sales tax and the army of Government employees necessary to watch it, control it, and enforce it.

I mention these facts as absolute proof that while the very people who are now criticizing the opponents of the sales tax for having no plans, it was they who last summer were urging the issuance of long-term bonds to meet current expenditures, while I and my fellow progressives as a matter of fact were working and had a complete tax program. The newspapers of October 4, 1931, and, if my memory serves me right, during the summer, are now matters of record, and the news items of those dates containing my declaration of a tax policy and my proposed rates stand as the incontrovertible proof that I and my fellow progressives approached this crisis in a constructive manner.

Perhaps it would be quite proper to read in passing a cordial and friendly letter which I received from the distinguished Speaker of this House, who at the time perhaps did not know that the vicissitudes of politics and life would make him the Speaker of this body. I contacted him because the gentleman from Texas [Mr. GARNER] and I have worked very closely together the last 10 years on all matters of taxation. I admired his courage in opposing the first Mellon plan. I admired his frankness and service to the country in exposing the favoritism and the staggering cost to the country on the refunds of taxes that have taken place the last few years. I had always talked freely with the gentleman from Texas on taxation matters and I wrote him at the time, sending my proposed plan, and this is Mr. GARNER's reply:

UVALDE, TEX., October 11, 1931.

HON. FIORELLO H. LA GUARDIA,  
New York City, N. Y.

DEAR MR. LA GUARDIA: I presume your letter of October 6, with inclosures, was a general one and probably you did not expect many replies, but in view of the fact that I am intensely interested in this subject I am going to briefly say that I am in agreement with a good many of your suggestions. I think an exchange of views on this subject would be helpful. I expect to be in Wash-

ington the early part of November, and if you should be down there I would like to talk this matter over with you.

With regards and best wishes, I am, very sincerely, yours,  
JNO. N. GARNER.

I could call many of my colleagues with whom I have been conferring, in correspondence and in personal talks, on this matter to bear me out in every detail of my work during the congressional recess in connection with this problem; but I do not believe that the misrepresentations, the deliberate lies, and misstatements that are being circulated against me as to my attitude on the tax bill and the necessity of balancing the Budget require any further answer.

The sales tax is objectionable for many, many reasons. First of all, it would place a burden of \$660,000,000 on the working people, the wage earners of this country. They can not stand it, and the proponents of this sales tax, in their greed and anxiety and in their belief that they had already saddled this law on the American people, immediately commenced denouncing the income tax law, vilifying Congress, and demanding the repeal of the income tax law. They disclosed their hands. Gentlemen, the friends of the sales tax out of Congress did more to defeat it than the opponents of the sales tax in Congress. In addition to that, imagine over 275,000 manufacturing concerns in this country. Just think of the army of internal-revenue agents necessary to check, investigate, and verify tax returns.

Gentlemen, the mere fact that this House, notwithstanding the pressure, notwithstanding the abuse, notwithstanding that the Committee on Ways and Means came out with a bipartisan recommendation, has been able to thoroughly study, investigate, and repudiate the sales tax stands as the living proof of the success of representative government and the ability of the House of Representatives to act for the best interests of the American people.

This House having, I believe, once, and for a great many years to come, defeated the principle of a general sales tax, as far as I am concerned, I am ready to go along with the committee. Of course, in this instance it is very easy for me to go along, because it so happens that the plans that I recommended and put into the RECORD during the general debate coincide with the plan now offered by the committee. I shall support every one of the items suggested by the gentleman from Georgia, and gentlemen must know that some of them are going to be very unpopular in my city. I am going to get it coming and going; there is no doubt about that. My friend from New York says that I deserve it, and perhaps I do. But no matter what happens to me, I am willing to pay the price for having taken an unimportant part in the defeat of one of the most vicious plans of taxation ever devised, brought here as a result of misrepresentation, and I refer to the sales tax.

I want now to say a word of appreciation of the Speaker and of the majority floor leader, in having given us the opportunity which for 15 years we have been trying to obtain in this House, and that is the opportunity of discussing and considering a revenue bill without a gag rule from the Committee on Rules. [Applause.] Gentlemen can not commence to realize what that means. Of course Wall Street is smarting under it. Do gentlemen realize that this is the first time in many years that a revenue bill or a tariff bill has been considered by the House of Representatives and not controlled from the outside? My colleagues the other day suggested bringing in a rule, and I say this demonstrates that it is possible to legislate without the duress of a rule and the limitation which it imposes. Whatever may come out of this bill, and it is going to be a well-balanced bill when it leaves the House, it will have the full confidence of the American people because it was written here in the open [applause], while the suspicion that surrounds the last tariff bill will remain with that bill until it is repealed, for the reason that it was first considered in secret and then brought here under a most unfair gag rule and considered under it. I would not be fair if I did not make that comparison, because the very thing that many of us in this House have been criticizing and have been devoting our time and efforts to obtain is the



opportunity to legislate as was intended by the mandates which we hold when we come to this House.

Now, I want to assure the committee of my support. I do not know whether one-fourth of 1 per cent tax covers the other half of my proposition, and if it does not I will suggest that we can obtain additional revenue by increasing the one-quarter of 1 per cent to one-half of 1 per cent on all short sales.

The Speaker referred to the condition of the market. I want to say that nothing has happened in this country to justify the fall in prices, and it has been repeated so many times that the people of this country understand now that it is not an economic condition, but simply financial manipulation. It is the usual instrument of threat that has been held over Congress so many times and over the President so many times. The President was threatened with that very same thing until he declared for a moratorium. You will remember that when we convened here to ratify the moratorium the same situation and the same conditions were resorted to. When we considered the Reconstruction Finance Corporation legislation again we were told that prices in the security market would go down. A few days after that, with the Glass-Steagall bill, again they said, "We will break the market," and they said, "If you pass this, up will go the market." Gentlemen, that market is under absolute control. Those men who are bearing down the market and using that as a threat to obtain legislation are not patriots. They are not investors. They are not builders. They are the most miserable kind of tin horns, playing with loaded dice, and the country ought to know it. [Applause.]

So fear not what those manipulators may do. This House is now considering a revenue bill. Public assurance was given to the country by a rising vote of our willingness to meet current expenses with current revenue, and that we can do by the time this bill leaves here.

I want to say to the gentleman from Georgia [Mr. CRISP] that I appreciate the difficulties he has been laboring under. The gentleman from Georgia is so clean, so honest, so pure that he must have believed some of the deceptive statements and misrepresentations that were made to him with reference to the condition of the country and what would happen if we did not take the sales tax. That is out now, and I will say to the gentleman from Georgia that I will stand by the committee and their recommendations announced to the House to-day. [Applause.]

Mr. RANKIN. Mr. Chairman, as one of the humble Representatives in this body who exerted every possible effort within their power to defeat the sales tax, I want to assure the Speaker of the House and the acting chairman of the Committee on Ways and Means that we are just as anxious to balance the Budget as they are, and we are glad to know that they are willing to go along with us in our fight to that end.

They say that when we strike out anything, we should substitute something in its place. We have done that. We raised the inheritance taxes and we raised the income taxes in the higher brackets.

Permit me to say to those gentlemen who opposed us that they need not be using any appeals to patriotism. We are just as patriotic as they are. Those of us who fought the sales tax have the same interest in our Government they have, and we are willing to go along and help balance the Budget; and we are going to do it without the imposition of a sales tax.

The slump in the market on yesterday had no connection with the defeat of the sales tax any more than the slump of 1929. That slump was caused by the fact that those in charge of this Government, from an executive standpoint, have failed and refused to put into operation the Glass-Steagall bill, the only bill that has been passed looking to the inflation or expansion of the currency. Until there is an inflation or expansion we will not get any relief, even though you tax the American people to death.

Further, let me say that this fight on the sales tax is an old fight. It is a fight between the masses and the classes that reaches back down through the ages of history, even

to the dawn of time. It is a fight that will be waged as long as this Government exists. It is a fight that will be waged "In states unborn and accents yet unknown," and those who do not realize the great fundamental principle, the line of cleavage between those two ideas of government, certainly ought to study history instead of criticizing those of us who opposed it and who helped to bring about its defeat.

In my opinion it was a glorious victory for the American people.

We have also been working on a plan of taxation to balance the Budget, and almost everything submitted in the plan suggested by the gentleman from Georgia has been approved by those who have been fighting along with us in this cause. There may be some things we do not agree with, but in the main we are willing to go along and help to pass taxation necessary to balance the Budget; but we must maintain that the burden of taxes should be placed where it belongs—that is, on those who are most able to pay.

No; we are not wrecking the Government, but we are saving this Government for the American people when we strike down the attempt to depart from the time-honored system of taxation and to embark upon one that is wholly undemocratic, wholly un-American, in my opinion, and that would ultimately have loaded the great burden of taxation of this Government upon the masses of the American people instead of upon those who are most able to pay.

Mr. LINTHICUM. Will the gentleman yield?

Mr. RANKIN. Yes.

Mr. LINTHICUM. Now that we are getting together, does not the gentleman think we ought to strike out those two tariff measures on oil and coal?

Mr. RANKIN. Of course. They have no place in this bill. The gentleman knows my position. I have never faltered in my opposition to the tariff.

I want to say to you, Mr. Chairman, that on the floor of this House I represent America, too. I represent the American people, and so help me God, when it comes to principles I am going to continue to exercise that judgment and to cast those ballots which I think are for the best interest of all the people of these United States. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes. [Applause.]

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DOUGHTON. Mr. Chairman, no one rejoices more than myself in the fact that we seem to be reaching a point in the discussion of this revenue bill where we at least understand each other.

I did not hear all the remarks of our distinguished Speaker, as I was delayed in my office. However, I approve and appreciate that portion of it I heard and fully indorse all he said.

So far as I am concerned—and I am satisfied I voice the sentiment and feelings of those who were associated with me in opposition to certain provisions of the revenue bill, that a unanimous vote could have been had declaring that it was our purpose to balance the Budget and protect the credit of the Government immediately after the vote on the sales tax was taken [applause]—so far as I am concerned I have entertained no other thought nor had any other purpose; in fact, that object has been paramount with me all the while; that is, that the integrity and credit of the Government must be preserved at all hazards. The difference of opinion arose, first, over the question as to the amount necessary to balance the Budget, and, second, as to the best method of raising taxes to pay the necessary Government expenditures and leave no deficit in the Treasury.

When former tax bills were under consideration, it is a matter of common knowledge that our worthy Speaker, Mr. GARNER, and able majority leader, Mr. RAINEY, flatly refused to accept the estimates of the Treasury Department as a basis for legislation.

But now that the sales tax has been defeated my major objection to the bill has been removed.



The thanks of the House are due to the subcommittee, who for the past few days, has been considering and preparing a substitute for the sales-tax provision, which was stricken from the bill. This substitute, while not wholly satisfactory to anyone, will raise the money claimed to be necessary to balance the Budget and perhaps with as little burden as possible. I regret that the subcommittee thought it necessary to increase the rates on first-class postage, but as this is only to continue for two years and to meet the present emergency, it will perhaps be necessary to leave it in the bill if something less burdensome can not be substituted, which I hope we may be able to do.

It should be distinctly understood that if any harm or injury has been done the country or the stock market, it has been caused by those who have consistently and persistently misrepresented a majority of the Members of the House, endeavoring to give the country the impression that the Budget would not be balanced simply because a majority of the House would not permit certain selfish interests to dictate the taxes that should be imposed and the method by which the Budget should be balanced. It seems they have been determined to rule or wreck the country by false or erroneous statements touching the motives of Members of Congress whom they could not frighten or intimidate; however, most of the press have been fair to the House, and I wish to say to those who have been unfair that they can serve their country better if they will be content with publishing the truth and not misrepresenting or impugning the motives of those with whom they disagree.

When I started my opposition to the sales tax I did not even dream there would be a majority of this House opposed to it, but as the debate progressed the American people were heard from, and, responding to their voice, the House defeated the sales tax.

Mr. BLANTON. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. BLANTON. The most of the vicious propaganda and misinformation has come from William Randolph Hearst, who is one day a renegade Democrat and the next day a renegade Republican.

Mr. DOUGHTON. Undoubtedly, and Mr. Hearst's opposition is motivated by his morbid desire to escape the payment of income tax and saddle upon the American people taxes that he and those in his class should pay.

Mr. DYER. He has never been a Republican.

Mr. DOUGHTON. I want it distinctly understood that I have no criticism of those in this House or elsewhere who conscientiously favor the sales tax, but judging from the correspondence I have recently received—the letters and telegrams of congratulation and commendation from all parts of the country as well as my own district—from manufacturers, merchants, farmers, lawyers, doctors, and people of all occupations and all professions and callings in life, I have not the slightest doubt but that 90 per cent of the American people are unqualifiedly opposed to a sales tax; but that is behind us now and we must look to the future, and I fully concur in what the gentleman from Georgia said this morning when he expressed the hope that we may go forward in the consideration of this bill without acrimony or bitterness and without further impugning anyone's motives.

Mr. DYER. Will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. DYER. Is not a proposed tax on automobiles a sales tax or a manufacturers' tax?

Mr. DOUGHTON. Well, it may be called a manufacturers' tax or an excise tax, but it is not a general manufacturers' tax covering almost every article in common use, as was the sales-tax provision which was stricken from the bill, and we all know that some excise taxes are necessary if we are to balance the Budget. A limited excise tax on a few restricted articles is entirely different from a general sales tax.

Mr. HASTINGS. Will not the gentleman conclude by expressing the hope that we may proceed with the consideration of the bill?

Mr. DOUGHTON. I certainly hope we may do that; but before I conclude there is one other thing I want us all to keep in mind while we are considering the matter of balancing the Budget, and that is that the American people are insistent and determined that we must exercise the most rigid economy and cut all governmental expenses as drastically as can be done consistent with efficient Government service. The taxpayers of this country are not going to submit to increased taxation until we have cut the expenses of the Government to the lowest possible limit.

Mr. MCGUGIN. Will the gentleman yield?

Mr. DOUGHTON. Yes; I yield.

Mr. MCGUGIN. Does the gentleman regard voting \$130,000,000 extra road appropriation at this time as the kind of economy we need?

Mr. DOUGHTON. I shall not attempt to answer that question, because it is not propounded in good faith, and the gentleman knows full well it would take an hour to debate it. However, I will say that in my opinion no appropriation this Congress can make would be more effective in relieving unemployment and more beneficial in its results to all the people than money appropriated for highway building. Now, may I hope that we may proceed speedily to complete this bill and leave no doubt in the minds of the public as to whether or not the credit of the Government is to be protected and maintained.

Mr. CRISP. Mr. Chairman, by direction of the Committee on Ways and Means I offer the following amendment.

The Clerk read as follows:

Committee amendment offered by Mr. CRISP: Page 229, after line 8, insert a new section, as follows:

"SEC. —. TAX ON TOILET PREPARATIONS, ETC.

"There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: Perfumes, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, tooth and mouth washes, dentifrices, tooth pastes, aromatic cachous, toilet soaps, toilet powders, and any similar substance, article, or preparation, by whatsoever name known or distinguished, any of the above which are used or applied or intended to be used or applied for toilet purposes."

Mr. CRISP. Mr. Chairman, just a word. This is an amendment which is expected to yield \$25,000,000. Of the one hundred and seventy-odd witnesses who appeared before us, the only one who suggested this tax was Miss Laurette Taylor, and she stated that the women would cheerfully pay this tax, and it would not slow up business.

Mr. LA GUARDIA. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. LA GUARDIA. This amendment covers the entire field known as cosmetics.

Mr. CRISP. Yes; it is so intended.

Mr. LA GUARDIA. And it is on the retail price?

Mr. CRISP. It is on the manufacturers' price.

Mr. LA GUARDIA. But it is intended to be passed on?

Mr. CRISP. Of course the gentleman from New York knows that all taxes are passed on if they can be passed on.

Mr. LA GUARDIA. I will say that this item was also included in my tentative plan.

Mrs. KAHN. Will the gentleman yield?

Mr. CRISP. I yield to the gentlewoman from California.

Mrs. KAHN. I want to say to the acting chairman of the Ways and Means Committee that speaking for the women of the country there will be no opposition on their part to paying this tax. [Applause.]

Mr. CRISP. I thank the lady for that contribution.

Mr. CELLER. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. CELLER. In justice to Miss Laurette Taylor, who appeared before the gentleman's committee and about whom the gentleman has seen fit to speak so favorably, may I ask this question? Did not Miss Laurette Taylor suggest the cosmetic tax in lieu of a tax upon the spoken drama?

Mr. CRISP. She appeared before the committee in opposition to any tax on spoken drama.

Mr. MARTIN of Oregon. Mr. Chairman, I shall only speak a few moments. In the last election I ran as a Demo-



crat, was forced into the election in a Republican district, and a number of the constituents in my district, hoping they could trust the Democratic Party again, including the substantial business men of the community, voted for me, and as a consequence I was elected. There are a few others of us northern Democrats who had to fight for our election and who appealed to the intelligence of the country, not to its prejudices.

Now, as a young man I used to play poker, and one of the dictums of the game I played was, "Leave your sympathy with the losers"—

Mr. MANLOVE. Does the gentleman mean to say he has grown past that age?

Mr. MARTIN of Oregon. I admit that. "Leave your sympathy with the losers, but go home with the winners."

I do not believe in holding any post mortems on the sales tax. I can be very happy now in what has occurred this morning. I want to say that my whole life's training has been to follow the old-established institutions of the country and to follow leadership—organized leadership, authoritative leadership—and when this great old institution, this old Ways and Means Committee, unanimously reported here in favor of the sales tax, with my training and with my discipline, I felt I had to follow them; but when my party wandered away from that old-established leadership and went under the leadership of my socialistic colleague from New York I was very unhappy.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. MARTIN of Oregon. I decline to yield.

Mr. LaGUARDIA. I think that is very unfair, and very ungallant, too.

Mr. MARTIN of Oregon. I was very unhappy, but my wisdom in following the leadership here has been proven in the rebellion in this country against the action of the House—not only in the country but throughout the world as well. Nothing else was to be expected. When you entered socialistic on a program to "soak the rich" you received throughout the country just condemnation. I am glad to see that the House has returned to sanity.

I am going to support the Ways and Means Committee to balance the Budget, as I have done right along. I did not intend to run for reelection this fall. I have served my country a lifetime and I am entitled to a rest. But I have now received a telegram from the people who elected me saying, "We can not spare you now."

I will make the sacrifice for them. I think the class of Democrats that I represent are badly needed on the floor of this House, and so I am going to run again. I am going to continue to stand here and protest against action which divides us into classes and drives us into socialism.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. MARTIN of Oregon. I decline to yield.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I rise in opposition to the pro forma amendment. Mr. Chairman, I was one of those who voted for the sales tax, and I did it because I wanted to stand by the committee. I am going to continue to stand by the committee in an organized effort on our side, so that we will be able to bring about a tax bill that will balance the Budget.

I protest against those who would seek now to inject not only partisan politics into the bill but provocative and unfair amendments which will give rise to controversy. Hardly were the speeches of the Speaker and the minority and majority leaders over when the gentleman from New York [Mr. LaGUARDIA] rose and said that he would offer something that is bound to give rise to considerable controversy and great difficulty, and again stir up the muddy waters of acrimonious debate in this House.

He said he was going to offer an amendment to increase the tax on transfers of stock in and of short sales on the stock exchange from one-fourth to one-half per cent. I warn the gentleman that if he seeks to destroy short selling on the market by the means of taxation he may run afoul of Supreme Court decisions. We can not do away with a

certain practice by means of taxing it out of existence. We tried to do away with child labor by taxing the products of child labor and the Supreme Court declared the statute unconstitutional. You can not do by indirection what you dare not or can not do directly.

Mr. CRISP. Mr. Chairman, I make the point of order that the gentleman from New York is not discussing the amendment. I hate to do it, but the gentleman is talking about extraneous matters.

The CHAIRMAN. The gentleman from New York will proceed in order.

Mr. LaGUARDIA. Does the gentleman know that the committee has accepted my plan of taxing transfers?

Mr. CELLER. I said that I am going to stand by the committee, but not if it adopted your plan in toto. I shall oppose a one-half per cent tax on short sales. The present transfer tax is 2 cents per \$100. One-half of 1 per cent would be 50 cents, or twenty-five times the present rate. That is ridiculous. Your proposition would defeat its own ends. It would harass and oppress and raise little or no revenue. It would drive business out of the country into Canada. The Montreal exchanges would do a land-office business. Canada would gain. We would lose business and the tax as well.

Mr. LaGUARDIA. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. CRISP. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in five minutes.

The CHAIRMAN. The gentleman from Georgia moves that all debate on this amendment and all amendments thereto close in five minutes.

Mr. CROWTHER. Mr. Chairman, I move to amend the motion that it close now.

The CHAIRMAN. The gentleman from New York offers to amend the motion that debate close now.

The question was taken; and on a division (demanded by Mr. LaGUARDIA) there were 45 ayes and 36 noes.

Mr. CRISP. Mr. Chairman, may I ask unanimous consent that the gentleman from New York be permitted five minutes, as he was on the floor and had been recognized?

Mr. MANLOVE. Mr. Chairman, there are other Members here who desire to speak. The gentleman from Kansas [Mr. McGugin] wants five minutes.

Mr. CRISP. But he was not on the floor, and the gentleman from New York had been recognized.

The CHAIRMAN. The question is on the motion of the gentleman from Georgia as amended by the amendment of the gentleman from New York.

The question was taken, and the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. CRISP: Page 229, after line 8, insert a new section, as follows:

"SEC. —. TAX ON JEWELRY, ETC.

"There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: All articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semiprecious stones and imitations thereof; articles made of, or ornamented, mounted, or fitted with, precious metals or imitations thereof or ivory (not including surgical instruments); watches; clocks; opera glasses; lorgnettes; marine glasses; field glasses; and binoculars."

Mr. CRISP. Mr. Chairman, I shall take only a moment. This is estimated to yield \$15,000,000.

Mr. McGugin rose.

The CHAIRMAN. The gentleman from Kansas is recognized in opposition to the amendment.

Mr. McGugin. Mr. Chairman, I want to go along on any kind of a bill that will reasonably balance the Budget, but while we are at it I want to see the record kept straight and



clear. The provisions which have been offered by the Ways and Means Committee constitute just another sales tax, and there is no need of covering it up with hypocrisy. The increase in the price of first-class postage by 50 per cent is just another sales tax which is to be paid in every home of the country, provided the occupants of the home can read and write. I know there are probably two of the peerless leaders in this fight against the general sales tax who can probably well represent their constituencies and accept an increase in first-class postage with no great degree of expense upon their constituents, since those who buy postage stamps are usually able to read and write the English language. Let us keep this thing straight. The tax on cosmetics is another sales tax. You call it a luxury tax, but cosmetics are used by the women in this country in all walks of life, down to the poorest girl who works in a restaurant.

Now, let us turn to the automobile. I am too much of a modern-day American to accept the suggestion that the automobile is a luxury and that the people should be especially taxed for buying an automobile. Yet we come in here and especially tax the automobile industry, set it aside and persecute it, when it is one of the key industries of the country.

Even if an article is what you may choose to call a luxury, yet somebody works in the factory that makes that article, and every time you tax it you destroy the demand therefor. There is some poetic justice in this thing. You can not crucify the automobile industry without hurting every man in this country. The steel industry depends upon automobiles, as well as the railroads and every other industry.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. COCHRAN of Missouri. Did the gentleman hurt the automobile industry by voting for a tariff on oil? [Applause and laughter.]

Mr. McGUGIN. If you restore the buying power of hundreds of thousands of men engaged in producing oil and coal, then you will reestablish the automobile industry to a large extent.

Mr. COCHRAN of Missouri. Will the gentleman yield further?

Mr. McGUGIN. Yes.

Mr. COCHRAN of Missouri. The gentleman refused to help restore the buying power of the many men engaged in the brewing industry.

Mr. McGUGIN. I am willing to restore buying power, but I am not willing to make a scrap of paper out of the Constitution of this Nation in order to do so.

Mr. KVALE. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. KVALE. The gentleman will admit that the rates proposed to be levied upon automobiles, accessories, and trucks are substantially those which the gentleman supported a few days ago in the blanket sales-tax title of the bill?

Mr. McGUGIN. The point is they are higher, and, what is more, it singles out that industry and places a burden on it not comparable to the burden on other industries.

Mr. RAGON. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. RAGON. On automobiles it is three-quarters of 1 per cent higher, but accessories are only 1, so it is a reduction of 1¼ per cent. Trucks are at 2, which is one-quarter per cent lower than the other provisions.

Mr. McGUGIN. Strange as it may seem, if you place upon the automobile industry the identical tax which was contained in a general tax, and let all other industries escape that responsibility, you have none the less placed an economic burden upon the automobile industry.

With these remarks I do not care to say a great deal more, except that I want to go along and help balance this Budget. I am going to do it at the end of the road, but I am under no obligation and do not intend to sit in this committee and vote for a special tax on automobiles or for an increase in postage.

There is one thing about which I do want to commend the committee in presenting this last report. I refer to its determination to reduce the expenses of this Government by \$230,000,000, as they should be reduced, and when the gentleman from New York [Mr. LaGuardia] said he was going along with the committee I hope he will remember to go along with the committee when the Economy Committee brings in a bill to reduce the expenses of this Government. [Applause.]

Mr. CRISP. Mr. Chairman, I move that all debate on this amendment and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer a committee amendment, which is at the desk.

The Clerk read the committee amendment, as follows:

Page 229, after line 8, insert a new section, as follows:

"SEC. —. TAX ON FURS

"There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: Articles made of fur on the hide or pelt or of which any such fur is the component material of chief value."

Mr. CRISP. Mr. Chairman, just one word. It is estimated, according to the light we now have, that this amendment will yield \$20,000,000 in revenue. We are having that estimate rechecked.

Mr. O'CONNOR. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. O'CONNOR. Is it plain that this tax is on the finished article rather than on the furs that go through processes from one manufacturer to another? That is important, otherwise there will be confusion.

Mr. CRISP. The gentleman from Arkansas [Mr. Ragon] was a member of the subcommittee and heard that testimony, which I did not hear, and I will ask the gentleman from Arkansas to answer the gentleman.

Mr. RAGON. It is on "articles made of fur on the hide or pelt or of which any such fur is the component material of chief value."

Mr. O'CONNOR. Of course, there may be pyramiding of taxes there, which will run away above 10 per cent, if the fur goes through different processes. If the raw fur is given to one man to cure, and then it is passed on to somebody else to do something with it, and there are three or four processes, if not more, before the fur coat, for instance, is completed, there will be pyramiding.

Mr. CRISP. It is on the manufactured price. I see the point the gentleman is making. There may be several manufacturers engaged in that.

Mr. O'CONNOR. Yes. Now, it was clear in the sales tax, but is it clear here?

Mr. RAGON. Well, I do not know. I thought it was. It is the same provision that was in the 1918 tax. It is just a copy of that.

Mr. GARNER. If it is the same provision as in the 1918 tax, it is on the finished product.

Mr. CRISP. It is the same provision.

Mr. O'CONNOR. Would it be much trouble to put something in there to make it clear?

Mr. CRISP. Let us adopt this amendment, and then look it up, and if it is necessary the committee can return to it and offer a perfecting amendment.

Mr. CULLEN. This is practically the same amendment that we had in the sales tax.

Mr. LaGuardia. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. LaGuardia. It is an attempt to tax a garment that is made chiefly of fur, and not, for instance, a garment that has some fur trimming on it?

Mr. CRISP. Yes; that is correct.

Mr. LaGuardia. That is clear?

Mr. CRISP. Yes.



The CHAIRMAN. The question is on agreeing to the committee amendment offered by the gentleman from Georgia.

The amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer a committee amendment, which I have sent to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. CRISP: Page 229, after line 8, insert a new section, as follows:

"SEC. —. TAX ON SPORTING GOODS

"There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: Tennis rackets, nets, racket covers and presses, skates, snowshoes, skis, toboggans, canoe paddles and cushions, polo mallets, baseball bats, gloves, masks, protectors, shoes and uniforms, football helmets, harness and goals, basket-ball goals and uniforms, golf bags and clubs, lacrosse sticks, balls of all kinds, including baseballs, footballs, tennis, golf, lacrosse, billiard, and pool balls, fishing rods and reels, billiard and pool tables, chess and checker boards and pieces, dice, games and parts of games (except playing cards and children's toys and games); and all similar articles commonly or commercially known as sporting goods."

Mr. CRISP. Mr. Chairman, it is estimated that this amendment will raise \$2,500,000 of revenue.

Mr. CELLER. Will the gentleman yield for a question in regard to furs, jewelry, and sporting goods?

Mr. CRISP. Yes.

Mr. CELLER. In the event of the importation of either or all of those articles is the tax placed on the articles plus the import duty when they are sold in this country?

Mr. CRISP. There are no special tariff taxes in this amendment. This is an excise tax, and it is levied on the manufacturer, producer, or importer when he sells these articles, and the tax all goes to the United States Treasury.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Georgia.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. CRISP: Page 229, after line 8, insert a new section as follows:

"SEC. —. TAX ON CAMERAS

"There is hereby imposed upon cameras, weighing not more than 100 pounds, and lenses for such cameras, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold."

Mr. CRISP. Mr. Chairman, it is estimated this will yield \$1,500,000.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Georgia.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. CRISP: Page 229, after line 8, insert a new section as follows:

"SEC. —. TAX ON CHEWING GUM

"There is hereby imposed upon chewing gum or substitutes therefor, sold by the manufacturer, producer, or importer, a tax equivalent to 5 per cent of the price for which so sold."

Mr. CRISP. Mr. Chairman, it is estimated that this will yield \$3,000,000.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Georgia.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. CRISP: Page 229, after line 8, insert a new section as follows:

"SEC. —. TAX ON CANDY

"There is hereby imposed upon candy, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold."

Mr. CRISP. Mr. Chairman, for the information of the committee, it is estimated the yield from this amendment will be \$12,000,000.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Georgia.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. CRISP: On page 229, after line 8, insert a new section, as follows:

"SEC. —. TAX ON RADIO RECEIVING SETS, ETC.

"There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 5 per cent of the price for which so sold: Chassis, cabinets, tubes, reproducing units, power packs, and phonograph mechanisms, suitable for use in connection with or as part of radio receiving sets or combination radio and phonograph sets (including in each case parts or accessories therefor sold on or in connection therewith or with the sale thereof), and records for phonographs. A sale of any two or more of the above articles shall, for the purpose of this section, be considered a sale of each separately."

Mr. CRISP. Mr. Chairman, the Treasury Department estimates that this amendment will yield \$11,000,000.

Mr. DYER. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. DYER. This, of course, is another one of the sales taxes included in these amendments? Is not that correct?

Mr. CRISP. May I say to my friend: Cock Robin is dead; let him stay dead? [Applause.]

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Georgia.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. CRISP: Page 229, after line 8, insert a new section, as follows:

"SEC. —. TAX ON MATCHES

"There is hereby imposed upon matches, sold by the manufacturer, producer, or importer, a tax of 4 cents per 1,000 matches."

Mr. CRISP. Mr. Chairman, the Treasury Department estimates that this amendment will yield \$11,000,000.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Georgia.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. CRISP: Page 229, after line 8, insert a new section, as follows:

"SEC. —. TAX ON BOATS

"There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: Yachts and motor boats not designed for trade, fishing, or national defense; and pleasure boats and pleasure canoes if sold for more than \$15."

Mr. CRISP. Mr. Chairman, the estimate of revenue from this amendment is negligible, only \$500,000; but the committee felt as it was levying an excise tax on other methods of transportation, in equity there should be a levy on boats.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Georgia.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.



The Clerk read as follows:

Committee amendment offered by Mr. CRISP: Page 229, after line 8, insert a new section, as follows:

"Sec. — Tax on automobiles, etc.: There is hereby imposed upon the following articles sold by the manufacturer, producer, or importer a tax equivalent to the following percentages of the price for which so sold:

"(a) Automobile truck chassis and automobile truck bodies (including in both cases parts or accessories therefor sold on or in connection therewith or with the sale thereof), 2 per cent. A sale of an automobile truck shall, for the purposes of this subsection, be considered to be a sale of the chassis and of the body.

"(b) Other automobile chassis and bodies and motor cycles (including in each case parts or accessories therefor sold on or in connection therewith or with the sale thereof) except tractors, 3 per cent. A sale of an automobile shall, for the purposes of this subsection, be considered to be a sale of the chassis and of the body.

"(c) Parts or accessories for any of the articles enumerated in subsection (a) or (b), 1 per cent. For the purposes of this subsection and subsections (a) and (b) spark plugs, storage batteries, leaf springs, coils, timers, tires, inner tubes, and tire chains, which are suitable for use on or in connection with, or as component parts of, any of the articles enumerated in subsection (a) or (b), shall be considered parts or accessories for such articles, whether or not primarily adapted for such use. This subsection shall not apply to chassis or bodies for automobile trucks or other automobiles. Under regulations prescribed by the commissioner, with the approval of the Secretary, the tax under this subsection shall not apply in the case of sales of parts or accessories by the manufacturer, producer, or importer to a manufacturer or producer of any of the articles enumerated in subsection (a) or (b). If any such parts or accessories are resold by such vendee otherwise than on or in connection with, or with the sale of, an article enumerated in subsection (a) or (b) and manufactured or produced by such vendee, then for the purposes of this section the vendee shall be considered the manufacturer or producer of the parts or accessories so resold."

Mr. CRISP. Mr. Chairman and gentlemen, the committee regretted the necessity of having to recommend the levying of a tax on automobiles, trucks, and so forth, but they found themselves in the difficulty that they did not see how they could avoid it unless they brought in a recommendation for a tax on gasoline, for a tax on bank checks, or an increased tobacco tax. The committee thought this was less burdensome, less retarding to the recovery of business than any other, and they have recommended it. It is reduced from the percentages recommended by the Treasury Department in their original recommendation, and it is estimated to produce \$57,000,000.

Mr. PETTINGILL. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. PETTINGILL. Can the gentleman tell the committee what the loss of revenue would be on passenger cars if the rate were reduced from 3 per cent to 2½ per cent?

Mr. CRISP. I have not the figures.

Gentleman, let me see if we can get an agreement as to time.

Mr. PARKS. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. PARKS. In levying this tax are you levying it at the factory or at the retail dealer's establishment?

Mr. CRISP. At the factory. It is on the wholesale price.

Mr. PATTERSON. But, Mr. Chairman, if the gentleman will yield to me, I will say to the gentleman from Arkansas that this is one tax that will be passed on to the consumer. I think the gentleman from Georgia will admit that this iniquitous tax is one that will be passed on to the consumer, and could not there be some way found to exempt cars of the lower price?

Mr. CRISP. I will say to the gentleman from Alabama that the committee felt it would not be justified in exempting the lower-priced cars. The man who buys a high-price car pays a much higher tax. If I buy a car that costs \$500, I pay a 3 per cent tax on that, or \$15. If the gentleman buys a car that costs \$5,000 and pays 3 per cent, he is paying \$150 of tax. If we exempt the low-priced cars we lose your revenue. There are more of the low-priced cars sold than the higher ones, and if we exempt them we lose what we are seeking in the interest of the country—taxes.

Mr. PATTERSON. If the gentleman will permit one other observation, the automobile, and especially the low-priced automobile, is in no way a luxury.

Mr. CRISP. I have not called it a luxury.

Mr. PATTERSON. I know the gentleman has not, and I hate to see this tax imposed.

Mr. GILCHRIST. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. GILCHRIST. Did the committee consider what the loss would be if automobiles, say of \$500 or \$600 or less, were exempted from this tax?

Mr. CRISP. I did not sit with the subcommittee, because I could not stay on the floor and be there also, but I know when we had the matter up at first the Treasury Department said that if we exempted the low-priced cars we would practically lose all our revenue. I can not answer the gentleman specifically as to that matter.

Mr. BACHMANN. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. BACHMANN. What is the difference in the amount of tax that will be received under this provision and the amount that would have been raised if the sales-tax provision had carried?

Mr. CRISP. Under the sales-tax provision there would have been levied a manufacturers' tax of 2¼ per cent on automobiles. This bill levies a 3 per cent tax on passenger cars, which is three-fourths of 1 per cent more than the sales tax. The sales tax levied 2¼ per cent on trucks and this bill only levies 2 per cent on trucks. The sales tax levied 2¼ per cent on accessories and this bill only levies 1 per cent.

Now, as to the amount of money that will be raised, I can not answer.

Mr. OSIAS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, before we leave section 601 I rise to make a few observations regarding a portion of the bill to provide revenue, equalize taxation, and for other purposes, which has a very direct and important bearing upon the economic relations between the United States and the Philippine Islands.

I desire to invite the attention of the House to a provision in this section which would establish a new precedent in the policy hitherto followed by the United States in her dealings with insular possessions and would nullify certain provisions which now obtain in the tariff act of 1930.

I respectfully ask attention, particularly of the members of the Committee on Ways and Means, to section 601, paragraph (c):

The tax imposed under subsection (b) shall be levied, assessed, collected, and paid in the same manner as a duty imposed by the tariff act of 1930, and shall be treated for the purposes of all provisions of law relating to the customs revenue as a duty imposed by such act, except that—

(1) The value on which such tax shall be based shall be the dutiable value (under sec. 503 of such act) of the article, plus the customs duties, if any, imposed thereon under any provision of law;

(2) For the purposes of section 489 of such act (relating to additional duties in certain cases of undervaluation) such tax shall not be considered an ad valorem rate of duty or a duty based upon or regulated in any manner by the value of the article;

(3) Such tax shall not be imposed upon any article imported prior to the date on which this title takes effect;

(4) No drawback of such tax (except tax paid upon the importation of an article described in subsection (d) (4)) shall be allowed under section 313 (a), (b), or (f) of the tariff act of 1930 or any provision of law allowing a drawback of customs duties on articles manufactured or produced with the use of duty-paid materials;

(5) Such tax shall be imposed in full, notwithstanding any provision of law or treaty granting exemption from or reduction of duties to products of any possession of the United States or of any country; and

(6) When he deems such action to be in the interest of the revenue, the Secretary may direct that such tax with respect to any class of articles designated by him shall be levied, assessed, collected, and paid in the same manner and subject to the same provisions of law as the tax imposed by subsection (a).

Note especially the words of subsection (5), which says:

Such tax shall be imposed in full, notwithstanding any provision of law or treaty granting exemption from or reduction of duties to products of any possession of the United States or of any country.



The first point that should address itself to the committee is whether or not you can by this revenue legislation nullify provisions of existing treaties to which the United States is a signatory. On this point I am not going to dwell at length.

I am more concerned with the principle involved in our tariff and fiscal relations.

Section 301 of the present tariff act expressly provides reciprocal trade arrangements between the United States and the Philippines, and yet you have, inadvertently, I believe, left in section 601 this provision which, to the extent that tax is imposed upon imports coming to the United States, would nullify the administrative provisions, especially section 301 of the tariff act of 1930, commonly known as the Hawley-Smoot Act.

That this interpretation is correct finds corroboration in the report of the committee, for on page 35 there is a paragraph which closes with these words:

• • • and provisions of law exempting products of the various insular possessions from duty shall not be applicable with respect to the tax.

Mr. Chairman, it ought to be known by the membership of this House that in all the 30 and more years of relationship between the United States and the Philippines, Congress has never felt constrained to levy any tax upon Philippine products for the purpose of augmenting the funds of the Government of the United States. With this provision left intact the United States would be establishing a precedent in her policy, procedure, and practice in dealing with the Philippine Islands.

Taxes could be imposed on certain imports of the Philippines for the first time for the express purpose of augmenting the revenue of the United States or helping salvage the deficit in the Treasury of the Government.

I am not voicing a complaint. I am not airing a grievance. Nor am I speaking in stubborn opposition. I simply wish to call the attention of the membership and the leadership of this House to the policy and principle involved.

Mr. CRISP. Will the gentleman yield?

Mr. OSIAS. I yield.

Mr. CRISP. In view of what the United States has done for the Philippine Islands, when the United States is taxing its own people to meet an emergency, why should the Filipinos be excepted? [Applause.]

Mr. OSIAS. The gentleman has just heard me say that I am not voicing a complaint or airing a grievance, but I am simply calling attention to the fact that it will be the first time in the history of our relations that this will be done.

Congress has the power, it has the authority to decide what policy should be pursued, and as a representative of my people I can say that we shall abide by whatever policy may be determined upon by the sovereign American Government. After I have called the attention of the Members of the Ways and Means Committee to the facts, after I have apprised the Members of this House of the effect of the pertinent provisions of this measure, if Congress should decide to tax us I want to assure the distinguished gentleman from Georgia [Mr. CRISP] that the Filipinos will bear the tax manfully.

We, the Filipinos, realize that this country is confronted with an emergency. We sympathize with your affliction because of the extraordinary deficit which must be met. We are aware of the necessity of balancing your Budget and the maintenance of your credit unimpaired. We shall consider the payment of such tax as may be imposed as our modest contribution to the Treasury of the United States to achieve these laudable ends.

This will not be the first occasion that you will find the Filipinos comporting themselves in this manner. When America decided to participate in that awful and bloody drama of world proportions, my people disciplined themselves so as to lighten America's burdens and in order not to embarrass her in the eyes of the world.

Through our Philippine Legislature we made known to the Government and people of the United States our loyalty and readiness to cooperate. Under the courageous

leadership of Hon. Manuel L. Quezon, a former member of this body, a militia act was passed. By that law we cast in our lot with you in that World War that tried men's souls. We oversubscribed our quota of the Liberty bonds. We gave till it hurt to the Red Cross and other activities calculated to advance the cause espoused by the United States and her Allies. We not only offered of our limited means, but 25,000 of the flower of Filipino manhood volunteered for service that theirs may be the honor and privilege of fighting side by side with American soldiers in that war for democracy, for the right of countries, great and small, to be self-governing and free.

If we were ready then to give of our wealth and our lives to assist America, we should not begrudge in her present travail to bear some tax levy. In the confident belief that this present Congress will act on the bill that shall grant our independence, I wish to say on my official responsibility that the inhabitants of the Philippine Islands, now as in the past, will cheerfully shoulder their rightful share in balancing your Government's Budget and maintaining American credit unimpaired. [Applause.]

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 20 minutes.

The CHAIRMAN. The gentleman from Georgia moves that all debate on this amendment and amendments thereto close in 20 minutes.

The question was taken, and the motion was agreed to.

Mr. OSIAS. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The Chair hardly thinks that would be proper at this time.

Mr. OSIAS. I ask to proceed for one minute more.

The CHAIRMAN. Without objection, the gentleman may proceed.

Mr. OSIAS. I wish, in closing, to assure the membership of the House that if Congress should, in its wisdom, decide to retain this provision in the bill, you will not hear the Filipinos complaining or find them stubbornly opposing. We have been privileged to share in the glory that was America's in her days of prosperity. As a people we should be willing to bear our share in your adversity. [Applause.]

Mr. DYER. I want to say to the gentleman that before long Congress will grant independence to the Filipino people, so that this will not matter so much.

Mr. OSIAS. I thank the gentleman from Missouri. He knows, of course, that my chief mission here is to bring that about.

Mr. TREADWAY. Mr. Chairman, I rise in support of the amendment. Mr. Chairman, it seems to me that the delay of the last few days has produced wonderful results. It is fine to think that finally we have come to a point where it appears very probable that we can proceed in an orderly manner to balance the Budget. [Applause.]

I want particularly to take the time to say that I, as one of the subcommittee, appreciate the assistance that has been rendered to us and to the country by the address of our able Speaker, the gentleman from Texas, when he took the floor this morning. [Applause.]

During the 15 years or more of my service on the Ways and Means Committee there is no man that I have had more acrimonious debates with than I had with our Speaker, and at the same time I have always respected his views, and I take it that he has given me that same element of credit for sincerity.

Therefore when he comes before the House as the Speaker of the entire House and asks us as Representatives of the American people to back the Ways and Means Committee in the report we made here this morning, I, for one, want to take off my hat in compliment to him for the service he has rendered to the American people. [Applause.]

Now we have come to one other disputed item in this bill. The automobile industry came before the Ways and Means Committee and particularly asked us to exclude from the bill the original tax item that had been suggested to the



committee. The committee has followed their suggestion and that of many other special interests. Their argument was that the automobile industry is representative of the loyalty of the American citizen, and that all they asked was to be treated exactly like other people will be treated in a tax bill.

In reaching our decision to include many of the items that would raise a small tax on the automobile that will bring in a revenue of \$57,000,000 into the Treasury in assisting to balance the Budget, we ask that industry to-day to show the same interest and loyalty as they professed to show when we were considering a manufacturer's tax. [Applause.]

There is no one item in American industry that, to our mind, can better carry that slight burden than can that great industry, spread out as it will be over hundreds of thousands of owners of automobiles.

We have reduced the rate on trucks and accessories. To my mind, if we were going to increase it at all, it should be the item of heavy trucks. They are destructive to the highways, they take freight from the railroads, they are unpopular on the road, and we are furnishing them with a free right of way throughout the country to carry on their business.

I do not think the automobile industry can rightfully complain of the action of the Ways and Means Committee in relation to this provision as to trucks.

Mr. CLANCY. Why should they not complain of this discriminatory tax?

Mr. TREADWAY. It is not a discriminatory tax in any sense of the word. In no sense can it be discriminatory, and that is proved by the fact that when you go down town in any city in the country, as in Washington, you are not able to find a place to park your car. So far as the rates on trucks and parts are concerned, they are less than those in the manufacturers' title.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. MICHENER. Mr. Chairman, I rise in opposition to the amendment. I do not want to be placed in the position of retarding action that will balance the Budget, because I have stood with the Ways and Means Committee throughout the consideration of this bill in its efforts to balance the Budget in a safe and sensible manner. However, in justice to the great automobile industry which means so much in the industrial life of the Nation, which is domiciled largely in the State which I have the honor to represent in part in this body, I must enter a protest against this discriminatory tax. That industry never has objected to paying its full proportionate share of the taxes of the country. We do not object now. We realize that the Budget must be balanced, because the stability of our country and all its institutions depends upon such action. Hundreds of thousands of men and women from every crossroad to the center of our largest city depend for livelihood upon the automobile industry. The very prosperity of the country depends more, possibly, on the return of prosperity to the automobile industry than on any other single industry. The automobile leaders came to Washington, appeared before the Ways and Means Committee, placed all their cards on the table, and promised fullest cooperation to bring about economic recovery, and stated clearly that any additional tax placed on the industry could not be absorbed but must be passed on to the purchaser. Therefore, be it understood that whatever the tax is, the consumer will pay it.

Something over an hour ago the chairman of the Ways and Means Committee announced that this amendment would be offered. No opportunity has been given to the industry to consult the committee in reference to proposed rates, and this again demonstrates the fallacy of an effort to write a tax bill on the floor of the House. These matters should all be referred to the committee for deliberate consideration. The Treasury bill originally submitted proposed a tax of 5 per cent but the committee in its wisdom, after proper deliberations, concluded that this industry meant so much in the life of the Nation that the purposes which we are all seeking would be best subserved at this time by

not inflicting punishment upon an industry simply because this might prove an easy way of raising money.

It is true that the spokesman for the industry appeared before the committee when the last excise tax was removed and patriotically stated that if the tax at that time was necessary to the balancing of the Budget that the industry would not want the tax removed. In those days the country was prosperous; the industry was prosperous. Owing to the demand, manufacturers could not keep up production. A different picture presents itself to-day. Dividends have been curtailed. All extravagances have been eliminated. Profits have almost reached the vanishing point. The owner of the stock is sacrificing for the benefit of the man who must have his bread and butter from the operation of the plant. A few more straws will break the camel's back. If necessary, any one industry had better be broken than to break the country; but this is not necessary, and this injustice to any one group will have its effect throughout the length and breadth of the land.

Call it what you want, this proposed amendment places a sales tax on automobiles, trucks, and accessories. The loudest opposition to the manufacturers' sales tax came from people who feared that we are setting a precedent; that the country would find that a sales tax was a painless tax; and that, because of the easiness of the collection, the amount would be increased and possibly more painful forms of taxation would be done away with. They were opposed to the principle of a sales tax. Therefore they must for the same reason be opposed to this tax. Pursuing the same logic, let us say that this is put putting the nose of the camel under the tent, and when more money is needed the easy thing to do will be to raise the tax on automobiles.

I realize that we must have money to balance the Budget, and I am just as sure that the items suggested this morning, which are to take the place of the manufacturers' sales tax which has been eliminated on the floor of the House, will fall more heavily upon the backs of the average consumer than would the taxes provided in the manufacturers' schedule. Picking out specific industries to bear the burden is un-American and unfair, and I predict that those who are responsible for striking out the manufacturers' tax and thereby inflicting these excise taxes will hear from the people back home if the law ever becomes effective.

Let me repeat that the automobile manufacturers do not want to do anything to impede the passing of legislation to balance the Budget, and one familiar with the attitude of the majority in this body since the last-minute appeal of the Speaker realizes that from now on there will be little discussion on any amendments offered, and that we will accept the recommendations of the Ways and Means Committee without any change. Under the parliamentary situation, in the main this course is necessary, but let us not forget that in voting for these rates we are not voting the deliberate judgment of the Ways and Means Committee, but that we are accepting makeshifts inspired by necessity. This will not be a balanced bill when written, but this seems to be the only way that results are obtainable. The reaction of the country to the proceedings in the House during the last few days is forcibly expressed in a telegram which I have just received from Mr. Alvan Macauley, president of the Packard Motor Car Co., of Detroit. Mr. Macauley says:

The upset in Congress last week was probably the greatest discouragement industry and business has suffered since 1929. It came just as there was a definite hope that the impetus of spring buying would start industry and business on the upturn. Unless the situation is stabilized by sane thinking and temperate action, and promptly, prosperity will be postponed indefinitely.

I want to appeal to you that we think sanely, that our action be temperate, to the end that justice be done to all industry, and that the Budget may be promptly balanced.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. CLANCY. Mr. Chairman, like a bolt of lightning from a clear sky the House Ways and Means Committee to-day recommended a heavy automobile sales tax amounting to \$57,000,000 about 1 o'clock and about an hour later announced the vote was under way and that only 10 minutes



would be allowed to those of the 435 Members of the House who might want to make speeches against the taxes.

By a gag rule also no debate was allowed on important amendments which were made to the tax.

The protesting Members were not even furnished a copy of the proposed legislation so that they might make intelligent amendments, and this procedure was in violation of a long-established practice of the House. Speaker GARNER and other leaders on both sides of the House appealed to the House in ringing and sensational statements to support the program of the Ways and Means Committee which shortly would be announced and which was announced at 1 o'clock.

Those of us who fought vigorously against the proposal of the Treasury Department for discriminatory taxes against the automotive industry won a partial victory, because the Ways and Means Committee recommended that the Treasury Department proposals be cut from 5 per cent to 3 per cent on passenger automobiles, from 3 per cent to 2 per cent on trucks, and from  $2\frac{1}{2}$  per cent to 1 per cent on parts, tires, and accessories. The Treasury Department estimated that its higher proposals would bring in about \$120,000,000, so that by the splendid fight which the friends of the automotive industry made against the Treasury proposals a saving of \$63,000,000 per year to users of autos and trucks was achieved.

The battle is not over yet. Probably the friends of the automotive industry will wage a terrific battle in the Senate.

The gentleman from Georgia [Mr. CRISP], who is in charge of the bill, announced that his latest proposals, plus those already in the bill, aim to bring in \$1,293,000,000. He also states that this amount is \$50,000,000 in excess of the needs of the Budget.

Therefore, a part, or indeed all, of these three taxes on parts, trucks, and passenger cars could be safely stricken out and yet the bill would balance the Budget.

Probably in the heat of the debate to-day unfair statements have been made about these auto taxes.

The gentleman from Massachusetts [Mr. TREADWAY] charges that the tax is not discriminatory, when it is very plainly so, and the automotive industry is singled out as the only means of transportation for levying a sales tax.

The leaders of the automotive industry are probably more enterprising, more public spirited, and more patriotic than the leaders of any other industry.

Although they represent the key industry of the country and the one which is doing the most to aid in a revival of business and the bringing back of prosperity, they said they would bear their share of general taxation, although the automobile is already the heaviest-taxed commodity in this country.

The automotive leaders patriotically withheld any opposition to the manufacturers' sales tax because that tax was not discriminatory and that bill assessed a sales tax on freight and passenger railroad cars and locomotives, freight and passenger vessels, freight and passenger airplanes, buggies, wagons, bicycles, motor cycles, and so forth.

How can the gentleman from Massachusetts [Mr. TREADWAY] say that to-day's proposals are not discriminatory under these circumstances, when they do single out the automotive industry and do not assess a tax on its competitors in the field of transportation?

Two gentlemen, Mr. TREADWAY and Mr. RAGON, say there should be no complaints from the automotive industry, because they did not complain against the manufacturers' sales tax, which taxed autos, trucks, and parts  $2\frac{1}{4}$  per cent, and they are not willing to admit that that was an entirely different sort of legislation—different in theory and different in execution—and to this extent not unfair and discriminatory.

In the rush and confusion of a hectic day, with only a few minutes of debate allowed, they mislead the Members of the House to a considerable degree, and they do not give the opportunity to the friends of the automotive industry to clarify the issues.

The gentleman from Georgia [Mr. CRISP] in presenting the Crisp amendments explains that the new tax on yachts and motor boats, and so forth, is levied because it is a form of transportation, and he speaks of a tax being levied on automobiles as a form of transportation.

Thus, probably unconsciously, he places the stigma on the automotive industry of being a luxury or semiluxury, because he classes it with pleasure yachts and motor boats, most of which are luxuries, although some of them are engaged in business and providing the necessities of life, such as in the fishing industry and the ferrying business.

But most yachts and motor boats are known as luxuries or semiluxuries.

This stigma of being classed as a luxury or semiluxury is what the automotive industry has fought against most vigorously.

Mr. CRISP says there is a working leeway and surplus in this bill of \$50,000,000. When I led the movement beginning in 1923 to kill the war excise auto sales taxes, the House first opened its mind to the principle that the parts tax is a misfortune tax, as when a man breaks an axle or destroys any part of his car he must pay a tax on his misfortune to replace the part.

The House was also willing to admit that a tax on trucks was highly unjustifiable, because it is a tax on the truck of the grocer, the butcher, and the farmer. The House admitted in the manufacturers' sales tax that it did not want to tax foods and exempted foods from the bill, but a tax on these trucks which carry and produce food is a cost which is added to the price of the food, and is, therefore, a tax on food.

I object to the haste and turmoil with which the committee has considered this bill. I understand that yesterday the bill contained an exemption on trucks of  $1\frac{1}{2}$  tons, under which is the truck of the farmer, grocer, and butcher, but to-day when the bill is presented that exemption is stricken out, and to-day the tax on passenger autos is raised from  $2\frac{1}{2}$  per cent of yesterday to 3 per cent.

If Congress considers the auto as a shining target to cripple with still heavier taxes when it is already the heaviest taxed of all commodities and especially of transportation agencies, then it would be an incentive for States, counties, and cities in this country to leap forward with more tax proposals on the auto industry.

Other hard-pressed countries looking for additional taxes will probably follow the example of the American Congress in singling out for discriminatory taxes the automotive industry.

I am confident the automotive industry will fight and fight desperately the discriminatory auto tax.

I started in 1923 the successful fight to kill the heavy war excise auto sales tax, and Congress finally killed these taxes. For the same reasons which impelled me to lead that fight in 1923 I am going to oppose this auto sales tax.

Mr. JOHNSON of South Dakota. Will the gentleman yield?

Mr. CLANCY. I yield.

Mr. JOHNSON of South Dakota. If the sales tax had been adopted, the average person who drives a Ford car would have been taxed \$6. Now, if he buys a Ford car, under this tax, he will pay a tax of \$15, will he not?

Mr. CLANCY. Fifteen dollars, yes; under to-day's bill.

Now, gentlemen, the captains of automotive industry are risking their fortunes in their efforts to restore business. Henry Ford is putting \$300,000,000 into his present drive. He claims he will put up his entire fortune to restore business. Other auto manufacturers are doing this, but with lesser money, of course. The farm organizations of the country want to see the return of prosperity. They are absolutely opposed to this tax.

I do criticize the manner in which this measure is brought in. We have a few speeches to-day at noon and then within the space of an hour or two the question is up for a vote. The industry is not given a chance to express its views at all. You certainly are imposing this tax in an unfair, unjust, and discriminatory manner.



Mr. FULLER. Will the gentleman yield?

Mr. CLANCY. I yield.

Mr. FULLER. I think the gentleman made a mistake in his answer to the gentleman from South Dakota, because under the sales-tax provision they would pay  $2\frac{1}{4}$  per cent, and under this tax they would only pay 3 per cent, so there would only be a difference of three-quarters of 1 per cent.

Mr. CLANCY. I said, or meant, the present proposed 3 per cent tax would mean \$15 on a \$500 Ford, if there be such an exact-priced Ford.

Mr. RAGON. Mr. Chairman, I rise in support of the amendment.

I appreciate what the two gentlemen from Michigan have said about the automobile situation; but as was suggested by the gentleman from Arkansas [Mr. FULLER], I think the gentleman from Michigan [Mr. CLANCY] misspoke himself in answer to the gentleman from South Dakota or perhaps gave an answer that he did not intend to give—that the tax on a Ford automobile under the sales tax would be \$6 and under this amendment it would be \$15.

Mr. JOHNSON of South Dakota. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. JOHNSON of South Dakota. I think I misspoke myself. I should have said the ordinary automobile rather than a Ford.

Mr. RAGON. In any event, there would not be that difference, because the sales tax provided  $2\frac{1}{4}$  per cent, and the present rate is 3 per cent.

In 1928 we considered this question, and Mr. Graham, an outstanding automobile man, said to the Committee on Ways and Means, "We want this \$60,000,000 wiped out; but if that means involving the United States Treasury in a deficit, then we say to you as automobile manufacturers, leave the rates in the bill as they are."

Now, if that was the attitude of the automobile industry in 1928, as spoken by their accepted representative, Mr. Graham, what, I ask you, ought to be the attitude of that industry in this time of great disaster and distress?

Mr. BURTNESS. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. BURTNESS. The question is whether the 3 per cent tax proposed by this amendment would apply on exactly the same base as the  $2\frac{1}{4}$  per cent proposed in the manufacturers' sales tax, and if not, what is the difference?

Mr. RAGON. This applies on the wholesale price of the automobile at the factory, and, as I recall it, that is just exactly as the  $2\frac{1}{4}$  per cent applied.

Now, I say to you that after we had the automobile hearings on the proposal by the Treasury Department to levy a 5 per cent tax upon automobiles, we went into the consideration of the manufacturers' excise tax, and not a single telegram of protest came to a member of that committee from the automobile people after they once learned that  $2\frac{1}{4}$  was to be the rate that was to be put on instead of 5 per cent.

Mr. WHITE. Will the gentleman yield?

Mr. RAGON. Now, with all due respect to my good friend the gentleman from Michigan [Mr. MICHENER], for whom I have the greatest admiration, his voice is the only voice, save and except the voice of his colleague the gentleman from Michigan [Mr. CLANCY], that I have ever heard raised against this 3 per cent tax upon the automobile industry.

Mr. BOILEAU. Will the gentleman yield?

Mr. MICHENER. No one knew anything about it until an hour ago.

Mr. RAGON. The  $2\frac{1}{4}$  per cent tax was announced over 10 days ago and not a single word has been uttered by the automobile industry or any of you gentlemen upon the floor, but now, when the Ways and Means Committee is in desperate straits for taxes to balance the Budget, this protest is made. What does balancing the Budget mean to the automobile industry in this country? Now, since we have found it necessary to impose this tax, when it increases their tax three-quarters of 1 per cent, my friends from the automobile States then become very active.

Now, I say to you frankly we can not pass any tax that will balance this Budget, that will be popular.

Mr. WOODRUFF. Will the gentleman yield?

Mr. RAGON. I do not believe if you would leave this open for 10 days you would get any great protest from the large manufacturers of automobiles.

Mr. BOILEAU. I would like to add my voice to that of my colleague from Michigan, that we are opposed to this 3 per cent tax.

Mr. WHITE. And I also.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. MICHENER. Mr. Chairman, I offer an amendment to the amendment to strike out 3 per cent and insert in lieu thereof  $2\frac{1}{4}$  per cent, as provided in the report of the committee when they brought this matter out.

Mr. STAFFORD. Will the gentleman yield?

Mr. MICHENER. I yield.

Mr. STAFFORD. Does the gentleman intend to increase the tax on trucks from 2 to 3 per cent?

Mr. PARKS. Mr. Chairman, I make a point of order. I understood that all time has expired on this amendment.

The CHAIRMAN. That is true.

Mr. PARKS. Regular order, Mr. Chairman.

The CHAIRMAN. The Chair was about to ask the Clerk to report the amendment offered by the gentleman from Michigan.

The Clerk read as follows:

Amendment by Mr. MICHENER to the committee amendment: In paragraph (b) of the committee amendment, strike out "3 per cent" and insert in lieu thereof " $2\frac{1}{4}$  per cent."

The CHAIRMAN. The question is on the amendment to the committee amendment.

The question was taken; and on a division (demanded by Mr. STAFFORD) there were—ayes 16, noes 142.

So the committee amendment was rejected.

Mr. CLANCY. Mr. Chairman, I offer an amendment to strike out "and accessories, 1 per cent."

The CHAIRMAN. The gentleman from Michigan offers an amendment to the committee amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CLANCY to the committee amendment: Strike out of the committee amendment "Parts or accessories for any of the articles enumerated in subsection (a) or (b), 1 per cent."

Mr. CLANCY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CLANCY. Is debate allowable on my amendment?

The CHAIRMAN. It is not. The question is on the amendment to the committee amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. CLANCY) there were—ayes 22, noes 123.

So the amendment to the committee amendment was rejected.

Mr. WHITE. Mr. Chairman, I offer an amendment to the committee amendment.

The CHAIRMAN. The gentleman from Ohio offers an amendment to the committee amendment, which the Clerk will report.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. WHITE: After the word "automobiles," insert "except automobiles of which the manufacturers' price is \$500 or less," and after "trucks" insert "except trucks of which the factory price is less than \$500."

The CHAIRMAN. The question is on the amendment to the committee amendment offered by the gentleman from Ohio.

The amendment to the committee amendment was rejected.

The CHAIRMAN. The question now recurs on the committee amendment.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, these are the only committee amendments which have been drafted. This morning it was



practically 12 o'clock before the committee could reach a conclusion as to what they were going to recommend. Therefore it will be impossible for me at this juncture to offer further committee amendments, so I ask that we return to the part of the bill where we left off reading yesterday.

The CHAIRMAN. That would be the regular order, the Chair thinks. The Clerk will continue the reading of the bill.

The Clerk read as follows:

(b) Basis for depletion—

(1) General rule: The basis upon which depletion is to be allowed in respect of any property shall be the adjusted basis provided in section 113(b) for the purpose of determining the gain or loss upon the sale or other disposition of such property, except as provided in paragraphs (2) and (3) of this subsection.

(2) Discovery value in case of mines: In the case of mines discovered by the taxpayer after February 28, 1913, the basis for depletion shall be the fair market value of the property at the date of discovery or within 30 days thereafter, if such mines were not acquired as the result of purchase of a proven tract or lease, and if the fair market value of the property is materially disproportionate to the cost. The depletion allowance based on discovery value provided in this paragraph shall not exceed 50 per cent of the net income of the taxpayer (computed without allowance for depletion) from the property upon which the discovery was made, except that in no case shall the depletion allowance be less than it would be if computed without reference to discovery value. Discoveries shall include minerals in commercial quantities contained within a vein or deposit discovered in an existing mine or mining tract by the taxpayer after February 28, 1913, if the vein or deposit thus discovered was not merely the uninterrupted extension of a continuing commercial vein or deposit already known to exist, and if the discovered minerals are of sufficient value and quantity that they could be separately mined and marketed at a profit.

(3) Percentage depletion for oil and gas wells: In the case of oil and gas wells the allowance for depletion shall be 27½ per cent of the gross income from the property during the taxable year. Such allowance shall not exceed 50 per cent of the net income of the taxpayer (computed without allowance for depletion) from the property, except that in no case shall the depletion allowance be less than it would be if computed without reference to this paragraph.

Mr. MANSFIELD. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MANSFIELD: Amend paragraph 3 of section 114, on page 83, by inserting the word "sulphur," in line 21, after the word "for" and before the word "oil," and by inserting the word "sulphur," in line 22, after the word "of" and before the word "oil."

Mr. MANSFIELD. Mr. Chairman, ladies, and gentlemen of the committee, the purpose of this amendment is to place sulphur in the same category with oil and gas. These substances are mined in the same manner; they come from the same geological formations in the earth, and there is no reason why there should be any distinction between the three mineral substances.

It does not in any sense of the word reduce the tax upon the sulphur industry, but, on the other hand, it will have a tendency to increase it to a certain extent because the producers of sulphur are allowed these depletions anyway. However, it puts those engaged in the sulphur industry to the great expense, time, and trouble of presenting their data before the Bureau of Internal Revenue. It also puts the Bureau of Internal Revenue to the expense of investigating and reporting upon these matters. In every instance since the law of depletion has been in effect they have allowed to the sulphur producers a greater percentage of depletion than the 27½ per cent that is allowed as a matter of law to the oil and gas industry. If you will read the section to which this amendment applies you will observe that the producers of oil and gas are granted a depletion allowance of 27½ per cent. Mining is a business of wasting assets; its capital stock is continually being depleted and destroyed and, therefore, it is obviously entitled to a depletion allowance, and the law so recognizes. All of our revenue laws have recognized that fact.

The justification for and the fairness of the amendment exists in these simple obvious facts, which, I trust, will be carefully considered by the committee.

Sulphur, oil, and gas originate in and are mined from the same geological formations. They are mined by wells. They all occur in the same geological structures. In addition to that they are all valued at the well as soon as they are brought from the earth. They have their market value right upon the ground without any further processing or anything of that kind.

I am offering the amendment particularly because all of the sulphur produced in the United States is produced in the district which I represent in Congress. I will state that it also constitutes 86 per cent of the sulphur production of the entire world.

I feel that no one should object to this amendment. I realize the imperative necessity of increasing the Government's revenue at this time, and if I thought that this amendment would reduce the tax on the sulphur industry, I would not propose it. As a matter of fact, the depletion allowances heretofore granted to the producers of sulphur have always exceeded the 27½ per cent.

I sincerely hope that the members of the Committee on Ways and Means, the gentleman from Georgia [Mr. CRISP] and the gentleman from Oregon [Mr. HAWLEY], will consider this matter. I am sure if they do so they will not object to this amendment.

Mr. ARENTZ. Will the gentleman yield?

Mr. MANSFIELD. Yes.

Mr. ARENTZ. I think the important thing the gentleman from Texas is trying to bring out is the necessity of something definite.

Mr. MANSFIELD. Something definite; yes.

Mr. ARENTZ. The idea of having a depletion that may be 50, 75, or a lower figure is indefinite. It places it in the hands of the officials of the Treasury Department, whereas gas and oil wells should have something definite.

I think the gentleman is correct in asking for some definite figure, so that there need not be any lack of knowledge as to just what the companies are facing.

Mr. MANSFIELD. The gentleman is entirely correct; and the figure is less than that which has been allowed, after investigation, in every instance.

Mr. CRISP. Mr. Chairman, I am frank to say I do not see why sulphur should be treated differently from oil and gas. I am also candid enough to say I am not familiar with the rules and regulations with respect to depletion under the income tax law as they are enforced, and, of course, I assume they are enforced in accordance with the law. I have always heard that the mineral interests on account of depletion, and so forth, really pay less taxes to the Government than any other industry. I myself opposed any organic changes in these depletion provisions in the committee on this bill without having given those interested in the industry an opportunity to be heard.

Those engaged in this industry have conflicting views, and I did not think it was wise or fair for the committee, after the hearings were closed, and without any further hearing, to basically change these laws. I hope the committee later will have a chance to have hearings on these matters, and if these provisions need tightening up in the interest of the taxpayer I hope legislation to that effect may be reported to the House.

I may say that about all the changes in the administrative features in this bill, with one exception, are to tighten up loopholes and retain money in the Treasury. There is one provision relating to estate taxes, which I shall discuss when it comes up, that has the opposite effect.

I am not myself going to oppose the amendment of the gentleman from Texas.

Mr. MANLOVE. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. MANLOVE. Coming from the center of the world's greatest zinc and lead mining district, I am somewhat familiar with the provisions of the discovery and depletion clauses, and I want to thank the gentleman for the statement he has made. I hope the House will go along with the leader in this matter because of the fact that this is a question that re-



quires a great deal of study and consideration before anybody can have a real conception of what it means. I hope we may postpone the consideration of this matter until some later time when it can be thoroughly discussed.

Mr. CRISP. Mr. Chairman, may I say while we are on this matter that Mr. LAMBERTSON has just sent me a note that he has just heard from the New York exchanges and they have reacted splendidly to the action of the House to-day and that stocks are going up. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. MANSFIELD].

The amendment was agreed to.

The Clerk read as follows:

(b) Source of distributions: For the purposes of this act every distribution is made out of earnings or profits to the extent thereof, and from the most recently accumulated earnings or profits. Any earnings or profits accumulated, or increase in value of property accrued, before March 1, 1913, may be distributed exempt from tax, after the earnings and profits accumulated after February 28, 1913, have been distributed, but any such tax-free distribution shall be applied against and reduce the basis of the stock provided in section 113.

Mr. VINSON of Kentucky. Mr. Chairman, I move to strike out all the language in the paragraph after the period in line 16, down to and including the period in line 22.

The Clerk read as follows:

Amendment offered by Mr. VINSON of Kentucky: Page 84, line 16, after the word "profits," strike out the remainder of the paragraph.

Mr. VINSON of Kentucky. Mr. Chairman, by this amendment, if adopted, you will cause to be taxed dividends that are now being paid out of surpluses acquired prior to March 1, 1913. Under the present law, dividends that are paid from such surpluses are exempt from taxation, and it was the thought of the subcommittee and the action of the full committee that dividends paid from that source should be subject to the same rate of taxation applicable to other dividends, which are, of course, subject to the surtax.

The CHAIRMAN. May the Chair inquire if this is a committee amendment?

Mr. VINSON of Kentucky. It is.

The committee amendment was agreed to.

The Clerk read as follows:

(d) Other distributions from capital: If any distribution (not in partial or complete liquidation) made by a corporation to its shareholders is not out of increase in value of property accrued before March 1, 1913, and is not out of earnings or profits, then the amount of such distribution shall be applied against and reduce the basis of the stock provided in section 113, and if in excess of such basis, such excess shall be taxable in the same manner as a gain from the sale or exchange of property. The provisions of this subsection shall also apply to distributions from depletion reserves based on the discovery value of mines.

Mr. VINSON of Kentucky. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Page 85, line 17, beginning with the word "is," strike out through the word "and" in line 18.

Mr. VINSON of Kentucky. That carries out the amendment recently adopted by the committee.

The amendment was agreed to.

Mr. VINSON of Kentucky. Mr. Chairman, I move to strike out the language, beginning after the word "property," down to and including line 25.

The CHAIRMAN. The Clerk will report the amendment. The Clerk read as follows:

Page 85, line 23, after the word "property," strike out the remainder of the paragraph.

Mr. STAFFORD. That is evidently a different subject matter. Will not the gentleman make some explanation of it?

Mr. VINSON of Kentucky. This will realize about \$2,000,000 for the Treasury. The present law exempts dividends paid from depletion reserves occasioned by discovery value. This amendment will remove that exemption. The subcommittee thought that when a dividend is paid from

discovery value as surplus they should be subjected to the surtax rate on dividends.

Mr. STAFFORD. This is to extend the taxable income?

Mr. VINSON of Kentucky. Yes; and it is estimated that this will raise at least \$2,000,000, whereas the first amendment would raise \$9,000,000.

The CHAIRMAN. The question is on the amendment.

The question was taken, and the amendment was agreed to. The Clerk read as follows:

(f) Stock dividends: A stock dividend shall not be subject to tax.

Mr. LA GUARDIA. Mr. Chairman, I move to strike out the last word. It was my understanding that the committee was to give more study to the possibility of taxing the issue of stock dividends, not as a profit but placing it in the same category with the original issue. We have a stamp tax on the original issue. That being so, why could not the stock dividends be taxed to the extent of the original issue, thereby getting some revenue without conflicting with the decision of the Supreme Court?

Mr. VINSON of Kentucky. It is my understanding that stock-dividend issues are subject to a tax as original issue.

Mr. LA GUARDIA. I am glad to hear that.

The Clerk read as follows:

(g) Redemption of stock: If a corporation cancels or redeems its stock (whether or not such stock was issued as a stock dividend) at such time and in such manner as to make the distribution and cancellation or redemption in whole or in part essentially equivalent to the distribution of a taxable dividend, the amount so distributed in redemption or cancellation of the stock, to the extent that it represents a distribution of earnings or profits accumulated after February 28, 1913, shall be treated as a taxable dividend.

Mr. VINSON of Kentucky. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 86, lines 18 and 19, strike out the words "accumulated after February 28, 1913."

The CHAIRMAN. The question is on the amendment.

The committee amendment was agreed to.

Mr. VINSON of Kentucky. Mr. Chairman, I ask unanimous consent to return to page 68 for the adoption of an amendment to carry out the basic amendment.

The CHAIRMAN. The gentleman from Kentucky asks unanimous consent to return to page 68 for the purpose of offering an amendment. Is there objection?

There was no objection.

Mr. VINSON of Kentucky. Mr. Chairman, I offer the following amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. VINSON of Kentucky: Page 68, lines 13 and 14, strike out the words and figures "accumulated after February 28, 1913."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. VINSON of Kentucky. Mr. Chairman, I ask unanimous consent to return to page 84 for the purpose of offering an amendment.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. VINSON of Kentucky. Mr. Chairman, I offer the following amendment, which I have sent to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. VINSON of Kentucky: Page 84, line 12, strike out the words and figures "accumulated after February 28, 1913."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

(b) Teachers in Alaska and Hawaii: In the case of an individual employed by Alaska or Hawaii or any political subdivision thereof as a teacher in any educational institution, the compensation received as such. This subsection shall not exempt compensation paid directly or indirectly by the Government of the United States. Subsection (b) of section 5 of the act entitled "An act to provide a government for the Territory of Hawaii," approved April



30, 1900, as amended by the act entitled "An act to amend section 5 of the act entitled 'An act to provide a government for the Territory of Hawaii,' approved April 30, 1900," approved April 12, 1930 (U. S. C., Sup. V, title 48, sec. 495 (b)), is repealed as of January 1, 1932.

Mr. HOUSTON of Hawaii. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HOUSTON of Hawaii: Page 87, lines 17 and 18, strike out "as a teacher in any educational institution" and insert in lieu thereof "as an officer or employee."

Mr. HOUSTON of Hawaii. Mr. Chairman, the Delegate from Alaska [Mr. WICKERSHAM] joins me in this amendment. I shall not detain the committee very long. It may appear to be an inconsequential matter, but to us who pay in the Territories all of the taxes that are levied by this tax bill it is a matter of principle. The officers and employees of a State are not taxed. The officers and employees under existing law in the Territory of Hawaii are not taxed, but by this law you undertake to repeal the law of April 12, 1930, which did, in fact, exempt the officers and employees of Hawaii. May I not assume that was done for the purpose of providing equality as between the Territory of Hawaii and the Territory of Alaska by just this amendment, and that by striking out the words which I have proposed in this amendment you will be treating the Territories of Alaska and Hawaii on an equal footing and on a parity with the treatment allotted to the States?

Mr. VINSON of Kentucky. Mr. Chairman, the position of the full committee is unanimous in opposition to the amendment offered by the Delegate from Hawaii. Section (b), to which this amendment is offered, is the same provision adopted by this Congress prior to the enactment of this present law that came from the Committee on Territories preferring Hawaii. The committee bill reverts to the former statute, and I would like the Delegate from Hawaii to inform me and inform the House why employees in Hawaii who would be affected by his amendment should have preferential treatment to employees in the 48 States on this side of the Pacific.

Mr. HOUSTON of Hawaii. They would not have preferential treatment. They would be treated exactly on a par with officers and employees of the States if this is adopted; such employees may not be taxed under the Constitution of the United States.

It is only by reason of the fact that Congress has the power to legislate for the Territories differently from the manner in which they legislate for the States that this discrimination against the Territories is possible. It is a question of the right of might.

Mr. VINSON of Kentucky. Of course, the gentleman understands that under the Constitution the salaries of State employees are exempt.

Mr. HOUSTON of Hawaii. That is right.

Mr. VINSON of Kentucky. We do not think it is any time to exempt further employees in the Territory of Hawaii, when we need money so badly in our Treasury.

Mr. LaGUARDIA. And if we did that there would be no argument against exempting employees of the District of Columbia.

Mr. VINSON of Kentucky. I think the statement of the gentleman is correct.

Mr. HOUSTON of Hawaii. That would come under that part of this section which says that the subsection shall not exempt compensation paid directly or indirectly by the Government of the United States. As a matter of fact, the sum total involved is less than \$5,000, and the principle of equity, which has been recognized so far as Hawaii is concerned by this Congress not later than April 12, 1930, would seem to indicate that this matter should be treated favorably.

Mr. VINSON of Kentucky. It was recognized by legislation which did not come from the Ways and Means Committee. I trust the amendment will be rejected.

Mr. HOUSTON of Hawaii. When it was put in that way it was with the acceptance of the then chairman of the Committee on Ways and Means and the minority ranking member of the Committee on Ways and Means. As written

the law is a direct effect of taxation without representation, repugnant to American institutions.

The following is the report under which the bill, which subsequently became the act of April 12, 1930, which this section repeals:

[House Report No. 492, Seventy-first Congress, second session]

#### AMEND THE HAWAIIAN ORGANIC ACT

Mr. HOUSTON of Hawaii, from the Committee on the Territories, submitted the following report (to accompany H. R. 7830):

The Committee on the Territories, to whom was referred the bill H. R. 7830, after consideration, reports the same favorably and recommends that the bill do pass.

This is a bill to amend section 5 of the Hawaiian organic act so as to place the Territory of Hawaii upon a parity with the States of the Union in the matter of collection of Federal taxes. It will carry out the spirit of the treaty proposed at the time of the annexation of Hawaii, and which treaty is referred to in the joint resolution of Congress accepting the so-called cession of the Hawaiian Legislature.

Upon the occasion of formal transfer of the sovereignty of Hawaii on August 12, 1898, Harold M. Sewall, minister of the United States to Hawaii, presenting to President Dole, of the Republic of Hawaii, a certified copy of the joint resolution, said:

"This joint resolution accepts, ratifies, and confirms, on the part of the United States, the cession formally consented to and approved by the Republic of Hawaii."

In replying to the last above-noted address by Minister Sewall, President Dole said:

"A treaty of political union having been made, and the cession formally consented to and approved by the Republic of Hawaii, having been accepted by the United States of America, I now in the interest of the Hawaiian body politic and with full confidence in the honor, justice, and friendship of the American people, yield up to you as the representative of the Government of the United States, the sovereignty and public property of the Hawaiian Islands."

The yielding up to the United States of the sovereignty refers to the consent and approval of the Republic of Hawaii, which was given by the action of the Hawaiian Senate, which ratified the treaty, in which it was stated "to the end that those islands shall be incorporated into the United States as an integral part thereof." And it was expected under these agreements that Hawaii would be treated on a parity with the States. This amendment undertakes to provide for such parity in a matter which up to the present time has not existed, and does not in effect provide either for raising or reducing the revenue. As a matter of fact, administration of present statutes provides an absolute discrimination as between the States and the Territory, and further provides a discrimination in the Territory as between certain of its employees and others. For example, school-teachers are exempted from payment of a Federal income tax on their salaries received from Territorial sources or from political subdivisions of the Territory, but other employees of the Territory or its political subdivisions must pay a Federal income tax on such salaries.

The Territory of Hawaii, through its legislature, memorialized Congress to remove such discrimination. Copy of the joint resolution passed on the subject is quoted herewith:

#### "JOINT RESOLUTION No. 2 (H. J. RES. No. 11)

"MEMORIALIZING THE CONGRESS OF THE UNITED STATES OF AMERICA TO EXEMPT ALL OFFICIALS AND EMPLOYEES OF THE TERRITORY OF HAWAII AND ITS POLITICAL SUBDIVISIONS FROM THE PAYMENT OF FEDERAL INCOME TAXES

"Whereas under the revenue act of 1921 of the Congress of the United States the officials and employees of the Territory of Hawaii and its political subdivisions are compelled to pay taxes upon income derived from the Territory or its political subdivisions; and

"Whereas the officials and employees receiving compensation from the various States of the Union are exempt from the payment of income taxes; and

"Whereas although the United States Government has the power to tax the income from salaries derived from the Territory of Hawaii or its political subdivisions, such taxation amounts to a discrimination in favor of the officials and employees of the various States of the Union as against the officials and employees of the Territory of Hawaii: Now therefore

"Be it enacted by the Legislature of the Territory of Hawaii, That the Congress of the United States is hereby formally requested, through the Delegate to Congress from the Territory of Hawaii, to amend section 213 of the revenue act of 1921 so as to exempt from taxation thereunder all income in the form of salaries derived by the officials and employees from any Territory or the political subdivisions thereof, if the laws of the Territory require the payment of a tax on such salaries.

"Approved this 15th day of April, A. D. 1927.

"W. R. FARRINGTON,

"Governor of the Territory of Hawaii."

The present law is well covered in the following letter:

TREASURY DEPARTMENT,  
OFFICE OF COMMISSIONER OF INTERNAL REVENUE,  
Washington, March 31, 1926.

Hon. WILLIAM P. JARRETT,

House of Representatives, Washington, D. C.

MY DEAR MR. JARRETT: Reference is made to your recent personal call at the bureau relative to the question of whether the



salaries of teachers of the Territory of Hawaii are exempt from Federal income taxes. You have asked to be furnished full information regarding this matter, including data relative to pertinent provisions in the various income-tax statutes.

You are advised that the power of the Government to tax the salaries of State officers received extended consideration in the noted case of *Pollock v. Farmers' Loan & Trust Co.* (157 U. S. 429), decided April 8, 1895. In the opinion rendered in that case it was stated (p. 584):

"The Constitution contemplates the independent exercise by the Nation and the State, severally, of their constitutional powers. As the States can not tax the powers, the operations, or the property of the United States, nor the means which they employ to carry their powers into execution, so it has been held that the United States has no power under the Constitution to tax the instrumentalities or the property of a State.

"\* \* \* In *Buffington v. Day* it was adjudged that Congress had no power, even by an act taxing all incomes, to levy a tax upon the salaries of judicial officers of a State for reasons similar to those on which it had been held in *Dobbins v. Erie County Commissioners* (41 U. S. 16 Pet. 435), that a State could not tax the salaries of officers of the United States."

*Buffington v. Day* (11 Wall. 113), cited above, was decided April 3, 1871, and is a leading case on the subject. The question involved was whether, under the Civil War income-tax statutes, the salary of a State judge was taxable under the general provisions of the acts. In holding that the salary was not taxable the court said (pp. 125, 127):

"It is admitted that there is no express provision in the Constitution that prohibits the General Government from taxing the means and instrumentalities of the States, nor is there any prohibiting the States from taxing the means and instrumentalities of that Government. In both cases the exemption rests upon necessary implication and is upheld by the great law of self-preservation; as any government, whose means employed in conducting its operations, if subject to the control of another and distinct government, can exist only at the mercy of that government.

"\* \* \* the means and instrumentalities employed for carrying on the operations of their governments, for preserving their existence, and fulfilling the high and responsible duties assigned to them in the Constitution, should be left free and unimpaired, should not be liable to be crippled, much less defeated by the taxing power of another government. \* \* \*

The revenue act of 1913 specifically exempted the salaries of State officers in the following language (Sec. II B):

"That in computing net income under this section there shall be excluded \* \* \* the compensation of all officers and employees of a State or any political subdivision thereof except when such compensation is paid by the United States Government."

Section 4 of the revenue act of 1916, as amended by the act of October 3, 1917, provided for a similar exemption.

Neither the revenue act of 1918, the revenue act of 1921, nor the revenue act of 1924 contained any provision specifically exempting the salaries of State officers and employees. Section 213 (b) (7) of each of these acts, however, exempted "income derived from any public utility or the exercise of any essential governmental function and accruing to any State, Territory, or District of Columbia, or any political subdivision of a State or Territory, or income accruing to the Government of any possession of the United States or any political subdivision thereof." It might be noted here that the exemption covered by the provisions quoted is extended to Territories as well as to States.

Article 85 of Regulations 45 relating to the revenue act of 1918 was promulgated as interpretative of section 213 of the statute and reads as follows:

"Compensation of State officers: Compensation paid its officers and employees by a State or political subdivision thereof, including fees received by notaries public commissioned by States and the commissions of receivers appointed by State courts, are not taxable. Employees of universities receiving salaries paid in part or in whole from funds available under the Smith-Lever Act of May 8, 1914, who are officers or employees of a State, are not required to return as taxable incomes the salaries so received. This is also true with respect to the act of August 30, 1890, relating to colleges for the benefit of agriculture and the mechanic arts, and to the act of March 2, 1887, relating to agricultural experiment stations in such colleges."

Treasury Decision 2843, approved May 17, 1919, cited an opinion of the Attorney General relative to the taxable status of the salaries of State officials, seemingly as authority for the provisions of the article. That Treasury decision reads as follows:

"Section 213 (a) of the revenue act of 1918 provides that gross income shall include 'gains, profits, and income derived from salaries, wages, or compensation for personal services \* \* \* of whatever kind and in whatever form paid.'

"In accordance with an opinion of the Attorney General, dated May 6, 1919, and based on the well-settled rule that governmental agencies of the States are not subject to taxation by the Federal Government, it is held that salaries of State officials and salaries and wages of employees of a State are not subject to the income tax imposed by the said revenue act of 1918."

Article 88 of regulations 62 under the revenue act of 1921 is closely similar to article 85 of regulations 45, but contains the following provisions not contained in article 85 of Regulations 45:

"Compensation received for services rendered to a State or a political subdivision thereof is included in gross income unless

the person receives such compensation as an officer or employee of a State or political subdivision. An officer is a person who occupies a position in the service of the State or political subdivision, the tenure of which is continuous and not temporary and the duties of which are established by law or regulations and not by agreement. An employee is one whose duties consist in the rendition of prescribed services and not the accomplishment of specific objects, and whose services are continuous, not occasional or temporary."

Article 88 of regulations 65 under the revenue act of 1924 contains language similar to that contained in article 88 of regulations 62.

As the result of an opinion rendered by the Solicitor of Internal Revenue in the latter part of 1923 and published as Solicitor's Opinion 152 in the Internal Revenue Bulletin Service, Volume II, Bulletin 35, page 12, issued under date of December 3, 1923, the exemptions of State officers and employees were thereafter made to depend upon whether they were employed in activities representing "strictly governmental functions" as distinguished from proprietary or private activities, exemption being denied to officers or employees of a State or a political subdivision thereof whose duties fell in the latter class. As a result of the situation arising from this decision with respect to "State officers and employees" Congress, in section 1211 of the revenue act of 1926, enacted the following provision:

"Any taxes imposed by the revenue act of 1924 or prior revenue acts upon any individual in respect of amounts received by him as compensation for personal services as an officer or employee of any State or political subdivision thereof (except to the extent that such compensation is paid by the United States Government directly or indirectly), shall, subject to the statutory period of limitations properly applicable thereto, be abated, credited, or refunded."

From the foregoing it is clear that the income-tax statutes prior to the revenue act of 1918 specifically exempted the salaries of State officers and employees; that there was ample authority in the United States Supreme Court decisions for provisions in the regulations under the revenue acts of 1918, 1921, and 1924 specifically exempting such salaries; and that the revenue act of 1926 contains specific provisions that such salaries shall be exempt. However, none of the revenue acts nor any of the regulations promulgated under such acts provides that the salaries of the employees of a Territory of the United States shall be exempt. The basis of the distinction is the fact that under our dual system of government the Federal Government and the State governments operate independently of each other, while the operation of the Territorial governments is dependent upon the Federal Government. In the case of *Buffington v. Day*, cited above, it was held that it is not competent for Congress, under the Constitution of the United States, to impose a tax on the salary of a judicial officer of a State, which decision was based upon the sovereign powers vested in the State governments. The Territorial governments are not vested with such sovereign powers, but are under the direct jurisdiction of the Federal Government.

If you desire to take up this matter further with me, consideration will be expedited by reference to IT:E:RR-CTR.

Sincerely yours,

D. H. BLAIR, *Commissioner.*

In compliance with the rule, there follows a statement of the law, showing the new language in italics:

"SEC. 5. (a) That the Constitution and, except as otherwise provided, all the laws of the United States, including laws carrying general appropriations, which are not locally inapplicable, shall have the same force and effect within the said Territory as elsewhere in the United States: *Provided*, That sections 1841 to 1891, inclusive, 1910 and 1912, of the Revised Statutes, and the amendments thereto, and an act entitled 'An act to prohibit the passage of local or special laws in the Territories of the United States, to limit Territorial indebtedness, and for other purposes,' approved July 30, 1886, and the amendments thereto, shall not apply to Hawaii.

"(b) *The salaries or wages paid by the Territory of Hawaii, or any of its political subdivisions, for services rendered in connection with the exercise of an essential governmental function of the Territory or its political subdivisions, shall not be taxable by the United States in the administration of the income tax laws.*"

The CHAIRMAN. The question is on the amendment offered by the Delegate from Hawaii.

The amendment was rejected.

The Clerk read as follows:

In the case of an individual, if in the taxable year and in each of the 10 preceding taxable years the amount of the contributions or gifts described in section 23 (n) plus the amount of income, war-profits, or excess-profits taxes paid during such year in respect of preceding taxable years exceeds 90 per cent of the taxpayer's net income for each such year, as computed without the benefit of section 23 (n), then the 15 per cent limit imposed by such section shall not be applicable.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. What is the necessity for carrying the clause in different places throughout the bill in respect to war-profits and excess-profits taxes paid "during such year in excess of preceding taxable years"? I was under the im-



pression that we no longer carried any war-profits or excess-profits taxes. I can conceive of these war-profits and excess-profits taxes being applicable to returns many years back, but I can not see where they are applicable to returns in the future.

Mr. CRISP. The only reason this is retained is because some of those old cases are still pending. There are some cases where deficiencies were levied against them, and they have not been finally adjudicated. That is the only reason for carrying those provisions in the bill.

Mr. STAFFORD. Then this clause refers to that character of tax covered in returns 10 years or more back?

Mr. CRISP. Yes. Of course, we have not had any excess-profits tax for years. The provision has been carried to protect the Government in those cases still pending growing out of the old law in years past.

The pro forma amendment was withdrawn.

The Clerk read as follows:

(4) Partnerships and estates: In the case of any such individual who is a member of a partnership or a beneficiary of an estate or trust, his proportionate share of such taxes of the partnership or the estate or trust paid or accrued during the taxable year to a foreign country or to any possession of the United States, as the case may be.

Mr. JOHNSON of Missouri. Mr. Chairman, I offer an amendment, which I send to the desk.

Mr. BLACK. Mr. Chairman, I offer a perfecting amendment to this section. I understand the amendment offered by the gentleman from Missouri is a motion to strike out.

The CHAIRMAN. Does the gentleman from Missouri yield for that purpose?

Mr. JOHNSON of Missouri. I offered an amendment, Mr. Chairman, to strike out a portion of the section which has been read.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Missouri.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Missouri: On page 103, strike out lines 5 to 25, inclusive, and on page 104, strike out lines 1 to 7, inclusive.

Mr. BLACK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BLACK. I have offered a perfecting amendment to this section. The amendment offered by the gentleman from Missouri is a motion to strike out. As I understand, my amendment must be acted upon before the motion to strike out is considered.

The CHAIRMAN. That is correct, but the gentleman from Missouri has the floor.

Mr. JOHNSON of Missouri. Mr. Chairman, if my motion prevails, I shall then file motions to strike out the remaining portions of section 131.

Mr. Chairman, when section 31 of this revenue bill was read I offered a motion to strike that section from the bill. That section provided that taxes paid to foreign countries should be allowed as a credit against taxes assessed in the United States, to the extent provided in the bill. That motion prevailed. The motion which I have filed to-day simply seeks to strike the provisions in section 131 relating to these tax credits from the bill. The House has, in fact, acted on the subject matter of my amendment, and the amendment which I offered to-day simply seeks to carry out the will of the House as expressed in the vote some few days ago.

Under the law as it now exists, a resident corporation which goes to a foreign country, invests its money there, and receives a large income is permitted to take credit against the tax imposed by the United States to the extent of the tax which it pays to the foreign country. If my amendment prevails, the Treasury Department experts state it will bring to the Treasury for the year 1933, \$12,000,000, just for that part of the fiscal year; that under normal times it will bring revenue of \$35,000,000 a year; and under such times as we have now it will bring revenue of approximately \$20,000,000 a year.

The Committee on Ways and Means, I think, is supporting my amendment, for in the Budget for 1933, read to the

House this morning, they included the \$12,000,000 which my amendment seeks to raise. Therefore unless you support this amendment, you destroy the plan of the Ways and Means Committee in its effort to balance the Budget. My amendment supports the theory and the plan of the Ways and Means Committee in its effort to balance the Budget.

The Department of Commerce informed me this morning that in the year 1930 the money invested in foreign countries by citizens of the United States amounted to over \$15,000,000,000; that of that amount about \$7,000,000,000 were invested in direct investments or industries and \$7,000,000,000 were invested in bonds and securities of foreign countries. My amendment simply seeks to place those people who take their money which they have earned in the United States and which they have invested in foreign countries on an equality with citizens of the United States who remain here and employ their money in this country.

It is a known fact that thousands of industries and corporations, because of the retaliatory tariff laws, have gone into foreign countries, practically closed their factories here, and now are manufacturing their products in foreign countries with foreign labor.

It was stated on the floor of the House that Mr. Ford manufactured his automobiles in the foreign countries, sent them back to the United States, and sold them in competition with automobiles made here with American labor.

We simply ask by this amendment that he be placed on a parity and equality with citizens of the United States who are employing their money here.

[Here the gavel fell.]

Mr. ALDRICH. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Missouri be extended one minute in order that I may ask him a question or make a statement.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. ALDRICH. I do not think it was the intention of the Ways and Means Committee to indorse the principle announced by the gentleman's amendment, or any different principle from what they originally recommended, by putting that in the list of items this morning. I think they simply acknowledged the fact that the House had taken a different position on the matter than the Ways and Means Committee. I think most of the members of the Ways and Means Committee still think that their original amendment was better than the one offered by the gentleman from Missouri.

Mr. JOHNSON of Missouri. But the \$12,000,000, I understand, is included in the Budget.

Mr. ALDRICH. It was included on account of the action taken by the House the other day.

[Here the gavel fell.]

Mr. OSIAS. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Missouri.

When the gentleman from Missouri, some 10 days ago, sought to amend section 31 of this revenue bill I spoke against his amendment, at least in so far as it affected American citizens and corporations in the possessions of the United States. To that part of his amendment affecting American investments or business in foreign countries I did not then address myself nor will I concern myself with that phase now. That is a matter which the Congress of the United States has to determine for the people of the United States.

Upon the occasion when this matter was first discussed, in connection with section 31, which is related to section 131, now under consideration, I made it clear that I was not rising in defense of Filipinos, Filipino interests, or Filipino corporations, but that I was defending, as I am now doing, as a matter of duty and as a matter of equity, the interests of your own fellow citizens and the corporations of your own citizens in those distant possessions which, through the fortunes of war, came under the American flag 34 years ago.

I believe then and I believe more strongly now that American citizens and corporations in the possessions of the United States are rightfully entitled to the benefits of the



tax-credit provision for income, war-profits, and excess-profits taxes paid there.

Mr. Chairman, I do not believe that the author of this amendment himself desires to discriminate against American citizens or American corporations that have established business in the possessions of the United States.

If the gentleman from Missouri [Mr. JOHNSON] should review, or if any one else should review, the record of the discussion when section 31 was first discussed, he would find that the tenor of the sentiment which then prevailed in the House was favorable to denying American investors and corporations that have business plants in foreign countries tax credit, but not to American investors in the possessions of the United States.

Mr. Chairman, I submit it would not be fair nor just to American citizens or corporations to subject them to such a burden as this. Earlier in the day when I was addressing myself to another section of this revenue measure, I pointed out a provision which, if unchanged, would mean a tax levy on certain imports, and would mean an absolute departure from a policy followed for more than three decades. Bear in mind that those American investors in the Philippines have to pay the taxes imposed in your possessions. If the amendment should be approved, you will not give them credit for taxes paid there contrary to the original intention of the Committee on Ways and Means. If, on top of all this, their products imported here will be further taxed, you will be subjecting your own citizens and corporations not only to double taxation but, in a sense, to treble taxation. [Applause.]

I hope the amendment will not prevail.

[Here the gavel fell.]

Mr. RAINEY. Mr. Chairman, I regret very much the action the House took in the matter of these corporations. [Applause.] I am going to ask, if nobody else does, for a separate vote on this amendment when we get back into the House. [Applause.] Perhaps, however, the defeat of the amendment now proposed will accomplish the same purpose.

The situation is this: A great many domestic corporations are now operating branch plants abroad. They have got to do it in order to get back of those high tariff walls. It is not our own tariffs that are hurting our industries now so much as it is the tariffs of other countries.

I have talked with some of these gentlemen who have established branch plants abroad. They say to me they prefer not to do it; that they prefer to manufacture in the United States in large amounts, in mass production, with a trained personnel; that they can do it cheaper; that they do not like to break up their plants and establish small plants all over the world, but that they have got to do it on account of these foreign retaliatory tariffs now erected against them. They say they can not get over their tariff barriers.

Now, it is an appealing thing, of course, to say—and it sounds logical if you do not think very deeply into the question—that these men have no right to make these investments abroad; that they ought not to take away the money they have earned here and invest it abroad and employ 500,000 foreign laborers. But they can not invest it here. We are producing here now more than we can possibly consume during the period of this depression. If you compel them to close their operations there, they can not operate here. A great many of our factories are now closed, probably one-third of them. We hope more of them will open in the future. So the only thing they can do is to invest their money over there, which, of course, is unfortunate. But the money they earn there comes back here.

Perhaps I can make myself clear. For a long time the Italian Government was largely maintained by the remittances of Italians who were at work here. It was a large item in their budget, the immigrant remittances. They always counted on these remittances over there, and they became a part of their stock of money. So the money which now comes back to us from these factories is in the nature of immigrant remittances. That is all. If you do not get

it in that way, you will not get it at all until we succeed, by some international agreement or something of that kind, in bringing about a lowering of the tariff walls of the world.

Now, for a great many years—and to some extent I have aided in bringing it about—we have been conducting negotiations, sometimes with the League of Nations, which would lead to a cessation in the world, as far as was possible, of what is known as international double taxation. We have succeeded in accomplishing results in two or three of the European countries. They have agreed that they will not tax doubly American capital invested there, and we have agreed to give them the same treatment here. We have appropriated considerable money and we have sent commissions abroad to consult even with the League of Nations in an effort to bring about an end to double taxation in the world. When we adopted this amendment the other day we just took a long step backward. We destroyed at once the results of all our negotiations over there and we reestablished ourselves the principle of international double taxation, and, of course, it is nothing else, and the progress the nations have made in abolishing international double taxation has been due to the initiative of the United States. Now we are about to destroy it ourselves.

We will not accomplish anything by discouraging these investments abroad. We do not make any money by doing it. If they can not pay these double taxes—and experts have told us they can not pay them—we simply stop them over there and the high tariff walls have stopped them here. Whenever we readjust these tariffs they will come back to the United States soon enough. There is no trouble about that, but we are asked by this amendment to take steps now that make impossible any readjustment of the conditions under which the world is struggling. This amendment should be voted down.

Mr. VINSON of Kentucky. Mr. Chairman, I rise in favor of the amendment.

Mr. Chairman, I do not know just exactly where we are on this proposition. It is true that the Committee on Ways and Means originally rejected this amendment, but in the program to-day that is presented to the House and to the country the moneys that will be realized from the adoption of this amendment are included in order that the Budget may be balanced.

Twelve million dollars will be brought into the Treasury of the United States if this amendment is adopted, and this \$12,000,000 is included in the items that aggregate \$1,243,000,000.

I listened attentively to my leader, the gentleman from Illinois [Mr. RAINEY], on the theme of double taxation. I heard the testimony before our committee in regard to that matter. One foreign country squints in the direction of wiping out double taxation, but no single nation of the world has yet preferred American yield in that foreign clime. So do not get it into your heads that some foreign country has been doing something for American capital and American income that we will not do for them.

The distinguished gentleman from Illinois dealt in generalities. I want to talk to you in figures and get down to specific detailed facts.

When we began a study of foreign credits there arose three conditions, and you will be surprised when I tell you about them. If I were to tell you that under existing law if a corporation made \$1,000,000 in America and \$1,000,000 in England, the corporation would pay less money to the United States in income tax than if it had not made the \$1,000,000 in England, you might doubt my veracity; but in the presence of the membership of the Ways and Means Committee I say to you that under the law which now obtains this very thing happened again and again to the detriment of the Treasury of millions of dollars.

Mr. ALDRICH. Will the gentleman yield?

Mr. VINSON of Kentucky. In a minute; yes. I know the gentleman will say that the committee has plugged that gap.

Mr. ALDRICH. Exactly.



Mr. VINSON of Kentucky. Certainly, it did, but it was only plugged because the gap was discovered. I want to give you the figures on that. Take the \$1,000,000 earned in England and the \$1,000,000 earned here by a corporation, that makes \$2,000,000 gross income. You take the \$250,000 of corporate tax in England, come over and wipe out the \$120,000 corporate tax here in America; then you take the \$130,000 that evidences the remainder between the \$250,000 English tax and the \$120,000 American tax and subtract it from the foreign yield of \$1,000,000. You bring that sum of \$870,000 over here and add it to your \$1,000,000 American income. Then you multiply by the 12 per cent corporate-tax rate; and if my calculation is correct, it brings in \$221,400. Then you subtract the \$120,000 of American tax, leaving \$101,400 actual American tax. That corporation which made \$1,000,000 in America and \$1,000,000 in England, instead of paying \$120,000 normal corporate tax only paid into the Treasury of the United States \$101,400. Am I right or wrong?

Mr. McREYNOLDS. If the gentleman will permit, that is under the present law?

Mr. VINSON of Kentucky. Under the present bill that gap was filled.

Mr. KVALE. It is one-tenth of the net profits annually, is that right?

Mr. VINSON of Kentucky. Yes; approximately.

Mr. STAFFORD. Will the gentleman yield further?

Mr. VINSON of Kentucky. Yes.

Mr. STAFFORD. What would it be under the proposed modification; that is what we are interested in?

Mr. VINSON of Kentucky. I want to give you the whole picture because if there is going to be a vote I want the Members to know what they are voting on.

Under the law that now obtains, if a corporation made \$1,000,000 in America, \$1,000,000 in England, where they have a corporate tax, and \$1,000,000 in Argentina, where they do not have a corporate tax, instead of getting the credit of 50 per cent of the English tax, because they happen to be fortunate enough to make \$1,000,000 in Argentina, they take two-thirds of that \$250,000 of tax as a credit. Consequently the Treasury is still further depleted.

[Here the gavel fell.]

Mr. VINSON of Kentucky. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. VINSON of Kentucky. The gentleman from Illinois [Mr. RAINEY] dealt in generalities. I want to get down to this amendment that is proposed. Let us assume you have a corporation making \$1,000,000 of net income in America, and that same corporation has a net income in England of \$1,000,000. There is an income of \$2,000,000. All this amendment does is to allow that \$250,000 that is paid to the English Government in tax to be used as a deductible item; not as a credit against the tax but as a deductible item.

If a business concern in this country has to pay State taxes to 8 or 10 different States, you are not permitted to take the tax you pay the States and use it as a credit against the Federal tax. All you can do in that case is to take the State tax and use it as a deductible item from the gross income.

All this amendment does is to place it on the same basis that you place the tax paid to different States. In other words, a concern making \$1,000,000 in this country and \$1,000,000 in England would have a gross of \$2,000,000. You would subtract the tax of \$250,000, which would leave \$1,750,000. Then you take the normal rate of 12 per cent, and you will have a taxable yield of \$210,000. In other words, you would pay the normal rate on the American yield, and at the same time the normal rate of yield abroad with the tax used as a deductible item.

Mr. CRISP. Mr. Chairman, I will only take a moment of the time. My friend from Illinois said he was going to ask a separate vote in the House on the section that was stricken out. That is not necessary. That was a cross reference, and the real issue as to foreign credits is now

before you. If this is stricken out, the foreign credit will be deleted. If it is retained, the foreign credit will be retained, and it is not necessary to have a vote on that section.

Mr. HAWLEY. Mr. Chairman, the acting chairman of the committee has said that this matter should be decided by the action taken by the Committee of the Whole on the pending motion to strike out. This is the situation that exists under the bill. I am not speaking of the present law, but of the bill as reported by the committee.

Suppose \$100,000 taxable income was earned in the United States and \$100,000 earned in England. Under the bill the United States would tax the \$100,000 earned in this country at the rate of 13 per cent, or \$13,000. England would tax the \$100,000 earned abroad at 27½ per cent, or \$27,500. Under this state of affairs we would not tax the income earned in England.

If, in another case, \$100,000 were earned here and \$100,000 earned in another country that had the same rate of tax as ours, 13 per cent, we would still get \$13,000 on the income earned in this country and not tax the income earned abroad.

If \$100,000 is earned in this country and \$100,000 earned in some country where the tax rate was 7 per cent, we would get \$13,000 on the \$100,000 earned in this country and the difference between \$13,000 at our rate of taxation and \$7,000 at the rate in the other country, or a total of \$20,000. We would subtract from our rate the foreign rate and levy a tax on the income earned abroad at the rate of difference between the American rate and the foreign rate.

If, however, another country has no tax rate at all, then we will get \$13,000 on the income earned in this country and \$13,000 earned on the income in the other country, or \$26,000.

In any event, under the bill we get the \$13,000 on the income earned in this country.

Now, it was suggested that the tax paid on incomes earned abroad should be a deduction from the gross income earned here and abroad, as are taxes paid to the State, county, or local government here. The difference is this, that all the income earned in this country is earned under the protection of our laws and guaranties, safeguards, and privileges that we give to persons and property, but incomes earned abroad are earned under the protection of laws and safeguards of other countries.

Mr. VINSON of Kentucky. Does not the gentleman think that an income earned under our flag ought to be given more credit than an income earned under another flag?

Mr. JOHNSON of Missouri. And is it not a fact that the income that is earned in a foreign country is earned under the protection of the United States?

Mr. HAWLEY. No; not at all. If it is earned in England, they go to the English courts for the settlement of their disputes and for the protection of their persons and property, and the protection of their rights in the same manner as Englishmen do.

Mr. JOHNSON of Missouri. Do they not frequently have the United States intervene and settle disputes?

Mr. HAWLEY. Only to see that our people have, under international law and comity, the same fair treatment that English citizens have, and we give Englishmen here the protection of our laws.

Mr. McREYNOLDS. Does that condition exist in China? Have we not our own courts there and have we not our Navy there to protect our people?

Mr. HAWLEY. China is under different treaty arrangements by which we have obtained rights and assumed special responsibilities for our citizens.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. HAWLEY. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HAWLEY. It is proposed to strike out the provision in the bill concerning which I have just spoken, by which we are to get the full 13 per cent on the American income in any event, and additional amounts upon revenues earned abroad under the condition I have previously stated. It is



proposed to strike out the section under discussion. What would happen? Let us take a case in which the English tax is involved. On \$100,000 of income earned in this country, of course, we collect our 13 per cent. On the \$100,000 of income earned in England the English Government will collect \$27,500. When that income is reported in this country the \$100,000 earned here will be added to the \$100,000 earned abroad, and from that will be subtracted the English tax of \$27,500, and we will compute the American income tax at 13 per cent on \$172,500, or \$22,425, which will be the American tax. Or to state it in another way, we collect the \$13,000 due on the American income. The taxpayer will pay the English tax at the rate of 2.5 per cent, or \$27,500. Subtracting the English tax from the \$100,000 taxable income, the taxpayer will have left \$72,500, and on this we will under the bill collect a tax at the rate of 13 per cent, or \$9,425.

Mr. VINSON of Kentucky. Of course, the gentleman is in error about the English tax. It is 25 per cent.

Mr. HAWLEY. It is 27½ per cent.

Mr. VINSON of Kentucky. The experts over here tell me so.

Mr. HAWLEY. My information is that the English rate is 27½ per cent. The particular rate, however, does not make any special difference. The tax collected by us on the income earned in England, \$9,425, plus the English tax, will be \$36,925. That is, the American company doing business in England will pay a tax on its English income equal to the full English tax and our tax of 13 per cent on that part of the income taxable here. That is, it will pay \$9,425 more than its English competitor. Under such a tax it can not do business over there. That increased amount of tax will be such a handicap that it will have to close its business. It may be said that we ought to have no American capital invested abroad. If we are of that opinion, then when American capital leaves our land for operations abroad we should regard it as a foreign operation and excuse it from taxation here. Of course, the property of a man is his to use under our law wherever he pleases. I might agree with the policy or I might not agree with the policy of American investments abroad. But if we are pursuing the policy of approving investments abroad, why should we when they are made abroad impose such a tax upon them as to make their operation impossible in competition with foreign competitors?

Mr. PALMISANO. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. PALMISANO. Is not it true that the present law exempting corporations of the tax abroad gives them an opportunity to take advantage of cheap labor abroad?

Mr. HAWLEY. They take advantage of such conditions existing abroad as do exist, but if we are to allow them to go there, and that is our policy, why make their operations impossible in competition with their competitors in the country in which they operate, which have the same labor conditions.

I desire to return to my original statement in closing the argument that I am making. Under the bill we are doing all I think we ought to do at this time in the critical condition of business here and abroad by saying that we will collect, in any event, the tax on the income earned here in full, and then, if other countries have lower rates of income taxes than we have, we will collect the difference between the rates. We are getting all of the money we are entitled to, it seems to me, if we are undertaking to hold an even balance and a fair arrangement between our own people doing business abroad and the foreign competitors whom they meet in the markets.

Mr. COCHRAN of Missouri. Mr. Chairman, I am frank to admit that I have no sympathy with Americans who have sent their money abroad and invested it in factories for the purpose of securing cheap labor and manufacturing commodities formerly produced by American labor and sent abroad. I stated that a few days ago. I have another purpose in rising to-day and that is to warn the Members of the

House that they should pay some attention to this question. It is a big question. It involves no less than \$12,000,000, according to the Treasury, and we have all learned that Treasury estimates are conservative. If you defeat this amendment of my colleague from Missouri [Mr. JOHNSON], then you must find a way to raise \$12,000,000 additional. We struck from the bill last week a paragraph that will raise this amount if you adopt the pending amendment. Therefore a vote against this amendment is a vote for the big corporations, Mellon and Ford included. Are you going to vote \$12,000,000 into the Treasury of the United States or do you propose to increase the already swollen fortunes of the multimillionaires? The gentleman from Georgia [Mr. CARR], acting chairman of the committee, tells us he is not opposed to the Johnson amendment.

I regret the 200 or more Members who were here last week are not here to-day. It is clear the friends of Mellon and Ford are here. Their opposition is evidence of that.

I have some statistics from the Department of Commerce which I received at 2.30 o'clock this afternoon. It is an estimate of American investments abroad at the end of 1931. It is a conservative estimate.

There is \$1,621,000,000 invested abroad in manufacturing plants. There is \$7,998,000,000 invested in manufacturing plants, in mining enterprises, public utilities and in agricultural projects combined.

Some of you gentlemen from the country districts complain about competition from foreign countries. American money is sent to other countries, invested in agriculture, to raise products to send to this country in competition with the products that your farmers raise. Are you going to vote for your farmers or for the multimillionaires?

I call attention to a document issued by the Department of Commerce, New Estimate of American Investments Abroad; and also to Senate Document 258, Seventy-first Congress, third session. There you will find interesting information in regard to how American money is finding its way into foreign countries. At the close of the war our money helped to, in part, rehabilitate foreign countries. That was not so bad, but when money is earned in this country through the protection given the citizen by the Government and then that citizen takes his millions and sends it abroad and opens factories, employs cheap labor, and manufactures clothes, machinery, shoes, and other articles formerly manufactured here and shipped abroad, it is something that we should be alarmed about. What is going to become of the little foreign trade we have left if this is to continue? First comes the tariff to destroy our foreign trade, and then, to make a good job of it, American money is sent abroad to set up factories where our advanced methods are installed and, with the aid of machinery and cheap labor, articles are made and sold to our former customers. How can an American manufacturer compete under such conditions?

I insert the statistics received by me to-day from the Department of Commerce.

*Preliminary estimate of American investments abroad at the end of 1931*

Country	Manufacturing	Direct
Canada and Newfoundland.....	\$565,000,000	\$2,075,000,000
Europe, all countries.....	680,000,000	1,571,600,000
Germany.....	168,000,000	271,750,000
Great Britain.....	306,000,000	541,855,000
France.....	92,000,000	170,000,000
Latin America, all countries.....	235,000,000	3,645,000,000
Argentina.....	85,000,000	360,000,000
Brazil.....	47,000,000	210,000,000
Asia, all countries.....	78,000,000	423,000,000
Japan.....	42,000,000	62,500,000
China.....	15,000,000	130,000,000
Australia and New Zealand.....	57,000,000	164,000,000
Africa, all countries.....	6,000,000	120,000,000
Total.....	1,621,000,000	7,998,000,000

The direct total consists of the amount invested in manufacturing plants, in public utilities, mining enterprises, and in agricultural projects combined.



The gentleman from Oregon [Mr. HAWLEY] would save these American merchants \$12,000,000. I am not willing to save them a cent, and I am only sorry that we can not find a way that would be constitutional to get more of their money. I have respect for the American who, by his ability and toil, makes a fortune, but for those who made their money here and then used it to injure their country's trade I have no time.

Let us serve notice on this class here and now that they will not be allowed the deductions the bill as it came from the committee permitted. The Johnson amendment will make them pay, and its adoption will make other Americans hesitate before sending their money to a foreign country. I hope the House will adopt the amendment. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLACK. Mr. Chairman, I offer a perfecting amendment, which is at the desk.

The Clerk read as follows:

Mr. BLACK, of New York, offers the following amendment: Page 103, line 8, after the word "corporation," insert "other than a citizen or domestic corporation engaged in a foreign country or possession of the United States in the business of manufacturing and selling a commodity which is capable of being both manufactured in the United States and shipped to such foreign country or possession of the United States."

Mr. BLACK. Mr. Chairman, I am trying to take a middle course between those who want absolute credit given to all corporations doing business in foreign countries and those who want no credit given to an American corporation doing business in a foreign country.

This amendment has been suggested to me by leaders of industry and by the American Federation of Labor. The best distinction made between these corporations was made by Mr. Matthew Woll, of the American Federation of Labor, when he said in a speech on March 12:

I pointed out, on the contrary, the double benefit to this country of equipping less-advanced peoples with essentials like railroads, public utilities, surfaced roads, automobiles, and farm machinery. We sell them these goods and at the same time put them in a position to buy from us more shoes, textiles, and consumption goods, more typewriters, cash registers, and sewing machines.

My amendment seeks to give credit for foreign taxes to the corporations doing the very thing that Mr. Matthew Woll set out in his speech.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. BLACK. I yield.

Mr. LaGUARDIA. I would like to just call attention to the gentleman's amendment, which reads "capable of being manufactured." I wonder if the gentleman did not mean "is manufactured," and then transported, because, for instance, an automobile is capable of manufacture here, and yet it may be entirely manufactured in a foreign country.

Mr. BLACK. No. My amendment is broader than the gentleman's suggestion. The fact that it is capable of being made here would bar them from the exemption.

Now, there is an evil in double taxation. As late as the October term of the United States Supreme Court, in the case of Burnet, Commissioner of Internal Revenue, against Chicago Portrait Co., Judge Hughes pointed out that there is a distinct evil in double taxation.

However, the gentleman who wanted to strike out this amendment pointed out another evil that those who want to be free of the double taxation go beyond their tariff walls and get cheap labor and compete with our goods. I am not for them. I am for the engineering corporation that goes down into South America and builds a bridge, builds a trolley line, builds a power plant, and buys its steel and other commodities necessary to the installation of those things from America, made by American labor, and sending back money to America. It is all very well to say that Henry Ford will build Fords in Ireland and send them back to compete with Fords, getting cheaper labor, but it is not possible that an American firm can build a road in South America and have the road come back here and compete with our roads, or that it can build a bridge in Brazil

and the bridge will come back and compete with my Brooklyn Bridge. [Laughter.]

There are two groups of citizens and corporations coming within this section:

A. Those who have erected in foreign countries factories producing with foreign labor and materials, commodities in competition with American-made goods, contrived by American labor.

B. American citizens or corporations which, instead of injuring American labor, are in fact, through their foreign associations, making a market for American goods, contrived by American labor.

Both A group and B group, under provisions of this bill as now written, are doubly taxed. I have in mind the adopted motion of the gentleman from Missouri on section 31.

They bear the imposts of these foreign countries on their foreign operations and the additional taxes of the United States.

Mr. JOHNSON of Missouri. Will the gentleman yield?

Mr. BLACK. I yield.

Mr. JOHNSON of Missouri. Is it not a fact that all corporations in the United States are subject to double taxation because of paying a State income tax?

Mr. BLACK. But there are certain deductions made for taxes paid all over this country.

Mr. JOHNSON of Missouri. They are deductions made against income.

Mr. BLACK. They are largely competing with American citizens and foreign competition is barred by the tariff law, but here they are out in the foreign field competing with the countries of the world and competing with one country that has become a business house.

In the case of competitive activities against American labor there is logic in the arguments of those who oppose credit on the taxes paid in America for the taxes paid abroad.

But it is sound policy that those citizens and corporations which are broadening foreign markets for American goods and services should be aided in their efforts to increase demands for American products.

[Here the gavel fell.]

Mr. BLACK. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLACK. There is substantial difference between the American company which builds a plant abroad to build machines which compete with American-made machines and the American corporation which builds a bridge in South America with steel made here.

Engineering corporations, road-building corporations, corporations furnishing foreign cities and states such services as public utilities and motion pictures—none of these, of course, compete with American goods or American labor.

On the other hand, because of their American relations, they naturally give preference in all their purchases to goods made in the United States. They furnish customers for American steel, American lumber, American copper, American equipment.

Every year Congress appropriates millions of dollars to build up the country's foreign trade. It provides bureaus of the Department of Commerce which promote the foreign sales of American goods.

Just now the American exporter and the American corporation with foreign branches are facing ruinous conditions and destructive competition. In many countries they are by law barred from remitting from the country the profits they may earn.

Every foreign country lays heavy taxes on the American branch office.

The Congress of the United States should avoid heavier burdens upon those Americans who create foreign sales of goods or services.



Generally, 10 per cent of our commerce is in foreign trade. A great portion of this is in foreign branches of American corporations which this legislation subjects to double taxation.

I wired a great number of the leading American industrial heads about this proposal of mine. I have a wire, which typifies the situation as well as any other, from the Underwood Typewriter Co. The vice president says:

Telegram received. Our export sales of American manufactured typewriters, adding machines, and bookkeeping machines during the last four years represent 39.4 per cent of our total business during that period.

They are manufacturing them here with American labor, and, of course, they are taxed elsewhere. It is almost half their business, and almost half their business means half their employees.

If the gentleman who has presented this amendment is well intentioned—and nobody will accord him credit for greater sincerity than I—and he insists on his amendment, I think he is going one step too far, and my position on the question is based on the suggestion made to me by the American Federation of Labor.

Mr. CRISP. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 20 minutes.

The motion was agreed to.

Mr. GUEVARA. Mr. Chairman, I rise neither to oppose nor to favor the amendment introduced by the gentleman from Missouri [Mr. JOHNSON], nor the perfecting amendment introduced by the gentleman from New York [Mr. BLACK]. I just want to make a statement in order to clarify the position of American citizens and corporations in the Philippine Islands in relation to the tax bill that is now under consideration by the Committee of the Whole.

If the amendment introduced by the gentleman from Missouri is passed, the American citizens and corporations in the Philippine Islands will be restored to their condition of 1918, which has already been remedied by the tax law of 1921, by the tax law of 1924, and by the tax law of 1926. The amendment tries to place American citizens and corporations in the Philippine Islands in the very disadvantageous position they were before in relation to their British, Japanese, Chinese, and other foreign competitors doing business in the Philippine Islands. The position of American citizens and corporations in the Philippine Islands is quite different than the position of American investors going to foreign countries. Plants are not established in the Philippine Islands for the purpose of hiring cheap labor, but to take to the Philippine Islands American goods manufactured in the United States as well as agricultural products raised in the United States.

The effect of this amendment, if adopted, will be that American business in the Philippine Islands will be killed. I am as much interested as any American citizen in balancing the Budget of the Government of the United States, but if you kill American trade in the Philippine Islands, conducted by American citizens and corporations, you can not get a single cent from that source, because it will cease to exist.

In a memorandum presented to the Congress of the United States, in which former President Taft, General Wood, Colonel Stimson, the Secretary of War, Davis, and the Secretary of the Treasury, Mellon, were in conformity, the following statement was made:

For a long time doubt existed as to whether the act of 1918 was intended to apply to the income of Americans doing business in the Philippines. Obviously, if so applied, it imposed a serious handicap upon our citizens there by subjecting them to a tax upon their incomes six times greater than the British, Chinese, and other foreign competitors were paying.

If you want to pass a law prohibiting all American citizens and corporations from doing business in the Philippine Islands then adopt the amendment introduced by the gentleman from Missouri, which would virtually prohibit them from doing any business in the Philippine Islands.

For this reason, Mr. Chairman, I hope the amendment presented by the gentleman from Missouri [Mr. JOHNSON] will be rejected.

Mr. BARTON. Mr. Chairman, I rise in support of the amendment of the gentleman from Missouri [Mr. JOHNSON].

Mr. Chairman, the first proposition that occurs to me is the suggestion made by the last gentleman who spoke. I think the highest privilege that could possibly be granted to the Philippine Islands would be that of statehood; and if they were a sovereign State and a member of the Union, they would then be subject to this tax just the same as a corporation in any other State of the Union. Therefore, I see no reason for making an exception there.

I now want to call your attention to another feature of this bill that I can not see any reason for, and that is the one that the gentleman from Oregon [Mr. HAWLEY] seems to recommend rather highly, and the gentleman makes this comparison: He tells us that if a corporation, resident of the United States, makes \$100,000 in England, it will not be taxed because they have a corporation tax there or an income tax that exceeds our own; but if we send a corporation down into Argentina, where they have no tax, we will tax that income 13 per cent. Why is it that we say to a corporation, "If you will send your investment to England, we will not tax you; but if you send it to Argentina, we will tax you 13 per cent?"

I suppose the idea is that this is double taxation, but I take it it is fundamental that every nation does, or at least ought to, levy a tax sufficient to pay the expenses of the government, and it does not seem to me the form of the taxation is any business of the United States. If they prefer to raise their taxes to pay the expenses of their government as a property tax, what business is it of ours? Why should we, as a reward for their levying a particular kind of tax which seems to please us—an income tax—knock that off and then not knock off the other? It does not seem to me to be reasonable under any circumstances.

I thank the committee for its kind attention.

Mr. KVALE. Mr. Chairman, a few days ago the committee voted upon an earlier section of the bill with a cross reference to this provision. The vote was decisive, and while I would be the last one to be unfair to the estimable gentleman who is acting chairman of the committee, yet I understood it was the agreement that the decisions then made in committee would be abided by in the further consideration of this bill by the Ways and Means Committee when this section was reached.

Mr. HAWLEY. If the gentleman will permit, the contrary, to my mind, was distinctly understood and, consequently, no extended argument was made at that time. It was said that when we reached this provision the merits of the proposition could be more properly discussed.

Mr. KVALE. I accept the statement of the gentleman, and shall not now press the point any further.

Mr. CRISP. Mr. Chairman, I will say to the gentleman that I understood that to be a test vote as to what would happen, although it was stated that the real provisions were in section 131. I do not know that there was any understanding with the Committee on Ways and Means, but so far as I am concerned, I am acquiescent in the action of the committee and for that reason did not argue the matter.

Mr. KVALE. I thank the gentleman for his reply. Let me remind the gentleman from Oregon [Mr. HAWLEY] and the committee that the merits of the problem were at that time rather extensively gone into.

But approaching the general proposition, let us remember that when this tax has been spoken of as a 12 per cent tax, as a 13 per cent tax, as a 25 per cent tax, I fear this leaves a false impression. Let us remember, in the first place, as a fundamental and elementary fact, this point. No corporation is taxed if it does not make and declare a net profit or a net income.

Moreover, your statistics of the Treasury prove that out of every \$10,000 in gross profits or in gross income annually from corporate sources \$9,000 is lost through deductions or exemptions and is not income for taxable purposes. This leaves \$1,000 out of the \$10,000 for taxable purposes. Under the corporation-tax provision the Government simply says that if you are a going concern in the United States and



if you make a net profit of \$1,000 every year after all deductions have been allowed and after such nine-tenths of all corporate gross income has been exempted from taxation we will take annually one-eighth, or 12 per cent (or under the present bill 13 per cent, which is still approximately one-eighth of your net annual income).

This is a plain, honest statement of the general purport of the law. We have heard it stated in the course of the debate that under the present or existing law the situation exists where corporations earning in England a portion of their profit are actually paying into our Treasury a tax amounting to about a tenth of their net income there, as against a rate of one-eighth which they pay on profits accruing in the United States.

It seems to me the problem, now that we are facing this critical situation, resolves itself into the simple question: Shall we tax these profits made abroad by corporations who are guaranteed the support and protection of our Navy and our marines and our national honor a little more heavily for a time in order to help meet this deficit that we are trying to wipe out?

Mr. KNUTSON. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. KNUTSON. The gentleman knows as a practical proposition that Americans doing business abroad receive very little consideration or assistance from this Government. It is all very well to talk about the marines and the Navy and the Army, but as a practical proposition when an American concern goes into a foreign country it must depend upon the foreign police or foreign agencies for any protection it may receive.

Mr. KVALE. Oh, I could argue that with my friend the gentleman from my neighboring district at some length, but I can not take that question up at the moment.

I feel this is a meritorious proposition. It was decided once by the committee, and I hope that the former vote will be sustained here this afternoon. [Applause.]

The CHAIRMAN. There are only eight minutes remaining, and the Chair has recognized three gentlemen in favor of the amendment. The Chair feels that he should recognize some one in opposition.

Mr. DICKINSON rose.

The CHAIRMAN. Is the gentleman opposed to the amendment?

Mr. DICKINSON. No, Mr. Chairman; I am in favor of the amendment.

The CHAIRMAN. The Chair will recognize the gentleman for two minutes.

Mr. DICKINSON. Mr. Chairman, I am heartily in favor of the Johnson amendment. I want to call the attention of the House to the fact that, according to my recollection, when there was a much larger attendance the Johnson amendment was sustained by a large majority, nearly 2 to 1, I think. It was estimated that it would save to this bill about \$30,000,000. Now it is said by the Treasury Department that it will save at least \$12,000,000. If you strike this out you have got to find some other subject to make up that amount.

I think those who go abroad to make their fortunes owe something to the country in which they established their business. [Applause.] I think they ought to pay something to the Government, and ought not to be able to offset their taxable income here by what they pay abroad.

I want to call the attention of the distinguished gentleman, the acting chairman in charge of the bill, to the fact that a statement made the other day indicated that personally he was friendly to the amendment. I hope the Johnson amendment will be agreed to.

Mr. GLOVER. Mr. Chairman, I understand that this was included in the estimate of balancing the Budget to the extent of \$12,000,000?

Mr. CRISP. That is correct.

Mr. GLOVER. Then I see no reason why we should quibble over this. The subcommittee has favored it, the House has already passed on the question. We ought not to reverse ourselves when we are trying to balance the

Budget. I see no reason why a man making his wealth in this country, if this country is not big enough to operate in and he goes to a foreign country and invests his capital there, because, perchance, he pays some tax there, that he should be credited for it back here. Let us pass the Johnson amendment and save \$12,000,000, and keep American capital at home to employ American labor that is now out of employment and wants to work. [Applause.]

Mr. STAFFORD. Mr. Chairman, when this proposal was under consideration the other day it was distinctly understood and so expressed by the gentleman from Illinois [Mr. CHINDBLOM], that that section was merely a cross-reference. If you adopt this amendment, you drive American capital from seeking investment in foreign countries. That is the avowed purpose of its proponents. Capital is mobile; it seeks the place wherever it can get a gainful investment. I thought we took pride after the World War in becoming the creditor Nation of the world. But this proposal seeks to bar economic laws and aggravate the financial and economic revival of business in this country by penalizing American capital invested abroad.

Henry Ford did not go abroad to invest his money because he wished to supply from foreign countries the field of American consumption. He went abroad, as the distinguished leader of the majority, Mr. RAINEY, said, to meet conditions in Belgium, in France, in Italy, in Germany, and other countries occasioned by their tariff policies. The branch factories were established before the passage of the Hawley-Smoot bill. Mr. Ford established these plants to cope with and meet conditions that prevailed in the automobile field abroad. Many American manufacturers have established branch establishments in different parts of the country, to reduce costs of production by the elimination of freights and the like.

American automobile manufacturers and in other lines have established branch factories abroad for a similar purpose. Shall we dwarf and cripple their expanding policy of world domination by this provincial policy of trying to restrain American capital only for home utilization?

Now, take the concrete case of the gentleman from Oregon, where an American corporation makes \$100,000 in Great Britain and pays \$27,500 income taxes to that country for the privilege of doing business there. Suppose the same corporation makes \$100,000 in this country also. It would be charged under the present bill not only upon the \$100,000 made here but with the net gain of \$72,500 made in Great Britain, or on a total of \$172,500, for the taxable year, on which the United States would receive the regular return of 13 per cent chargeable to all corporations. The provincialists would not credit the American corporation with the \$27,500 income tax he was obliged to pay to Great Britain but would compel it to pay an income tax on a paper return of \$100,000 which in fact it did not receive.

Are you going to allow the French and German automobile industry to capture that market for themselves, or will you approve the General Motors and Ford and all these other large industries going over there because of tariff conditions, in order to meet the local conditions, and invest their capital and get the benefit of the market there? We do get a return on their profits made in those countries, except on the taxes they are obliged to pay to the local governments.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. O'CONNOR. The gentleman may recall that before the World War, when we were a debtor nation, we were very much gratified to have foreign capital invest in this country, and that a great amount of it was invested in this country.

Mr. STAFFORD. And the very purpose of this amendment, as disclosed by the hearings had before the Committee on Ways and Means on February 28 to March 1, 1930, on double taxation, shows that France not only doubles but trebles on the American investment. This is only fair and equitable to the American capitalist who wishes to keep his capital employed. There is no question of having cars brought over here in competition, except that in one case



Henry Ford, temporarily, as I am informed, established in Dublin a tractor plant because of exigent conditions in changing his plant from Highland Park to the River Rouge.

And who has reaped the advantage of that change? The Allis-Chalmers Co., of my own city, and the General Motors and others are capturing the American market with low-priced tractors, and Ford is going to meet that competition by reestablishing a tractor factory here.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. COCHRAN of Missouri. Assuming that manufacturers did go over there to meet conditions after the war, will the gentleman explain why the Mellon interests are going into Canada now?

Mr. STAFFORD. Because Canada raised her tariff barriers. Prior to the Hawley-Smoot tariff bill the Canadian Government did not have such high tariff barriers, so that the American motor industry could import free of duty more than 50 per cent of the parts that make a complete auto.

Mr. COCHRAN of Missouri. The gentleman wants to protect the Mellon interests?

Mr. STAFFORD. I want to encourage American capital in foreign investments. I want to see American capital dominate the world in industry, and have foreign countries pay tribute to this country because of American genius in the world of manufacture.

The CHAIRMAN. The gentleman's time has expired. All time has expired. The question is on the amendment of the gentleman from New York [Mr. BLACK].

The amendment was rejected.

The CHAIRMAN. The question recurs on the amendment proposed by the gentleman from Missouri [Mr. JOHNSON].

The question was taken; and on a division (demanded by Mr. JOHNSON of Missouri) there were—ayes 62, noes 70.

Mr. COCHRAN of Missouri. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. COCHRAN of Missouri and Mr. CRISP to act as tellers.

The committee again divided, and the tellers reported there were ayes 64, noes 80.

So the amendment was rejected.

The Clerk read down to and including line 16 on page 108.

Mr. CRISP. Mr. Chairman, we have now reached the section of consolidated and affiliated returns. The Committee on Ways and Means is considering an amendment to recommend in respect to that section. I ask unanimous consent that the section be passed over for the present.

The CHAIRMAN. That section has already been passed over by agreement.

Mr. CRISP. Mr. Chairman, I am advised that the gentlemen of the minority desire to have a conference at 5 o'clock. I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 10236 and had come to no resolution thereon.

#### CALENDAR WEDNESDAY BUSINESS

Mr. CRISP. Mr. Speaker, it is important that we dispose of the tax measure. I ask unanimous consent to dispense with Calendar Wednesday business, in order to-morrow.

The SPEAKER. Is there objection?

There was no objection.

#### FARM ORGANIZATIONS NOT FOR FEDERAL PAY CUT

Mr. LA GUARDIA. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting an exchange of correspondence between myself and the American Farm Bureau Federation, the National Cooperative Milk Producers' Federation, the Farmers' Educational Cooperative Union of America, and the National Grange.

The SPEAKER. Is there objection?

There was no objection.

Mr. LA GUARDIA. Mr. Speaker, under permission granted me I desire to file herewith, for the information of the membership, exchange of correspondence between the various important and national farm organizations and myself on the subject of Federal wages. I contacted these organizations for the purpose of ascertaining whether it was true that these great national farm organizations, representing millions of American farmers, were taking an active part in favor of a general reduction of Federal salaries. It had been so stated. I am very happy to be able to note from this correspondence that the great national farm organizations have taken no action on the subject, and, therefore, it can not truthfully be said that they are favoring any general salary-reduction plan.

On the other hand, the responsible heads of these organizations, men of the highest standing, known throughout this country, students of economics, give their personal views on the subject, and without exception it is gratifying to note that they see the real purpose back of the proposed Federal salary cut as the first step in a general cut of wages and salary in industry and commerce throughout the United States, thereby lowering standards of living and reducing the purchasing power of the great masses of working people and wage earners in this country, and that the farmer would suffer most from such a fallacious economic policy.

MARCH 23, 1932.

AMERICAN FARM BUREAU,  
Munsey Building, Washington, D. C.

GENTLEMEN: I am sure you know that I have always done everything within my power for the aid of the farmers because I believe that we have everything in common. If I have accomplished nothing else, I think that I have been able to establish that the policy of dividing the workers of the industrial centers from the farmers of the country was detrimental to their respective interests and to the benefit of the exploiters of both.

At this very time there is an attempt to reduce all Federal salaries, which I am convinced is in keeping with a determined movement throughout the country to reduce wages in all industries, business and commerce. I need not point out to you that this will reflect not only on commodity prices but also on quantity consumption. The farmer will have to bear more than his share if such a disastrous policy is carried out.

Any salary reduction of Government employees can have little or no effect on the financial condition of the Treasury. Excluding such fixed charges as the debt service, requiring \$1,000,000,000, and the Veterans' Administration, requiring a billion dollars, the Army and the Navy, and rivers and harbors improvements, the margin from which economies may be made is not great, and no real economy can be effected unless all of the lower-paid employees are reduced. It has been openly admitted that this would be psychological. True, it would be the justification for the general reduction of wages throughout the country that I have mentioned.

I would greatly appreciate if you will give this matter some consideration. May I suggest a conference between the representatives of the various farm organizations with a view of discussing this subject and getting an expression from you? I know nothing that could produce a better effect to cement the ties that we have been seeking to establish between the workers in the city and those on the farm than for your organization to take a stand in opposition to the proposed salary cuts.

May I hear from you at your convenience?

With kindest regards, I am, very truly yours,

F. LA GUARDIA.

Similar letters were sent to the National Grange, the Farmers' Union, and the National Cooperative Milk Producers.

THE NATIONAL COOPERATIVE MILK PRODUCERS' FEDERATION,  
Washington, D. C., March 28, 1932.

Hon. F. H. LA GUARDIA,  
House of Representatives, Washington, D. C.

MY DEAR MR. LA GUARDIA: This acknowledges your letter of March 23 with reference to the problem of salary reduction for Government employees.

I shall be glad to lay the contents of your letter before our executive committee, as this office has no authority to act on matters of new policy.

May I take this opportunity of expressing the appreciation of our organization for the many good services you have done for agriculture as a Member of Congress. We know that you always will give earnest and sincere consideration to any legislation wherein the welfare of any branch of agriculture is at stake.

With best wishes for you, I am, sincerely yours,

CHAS. W. HOLMAN, Secretary.



AMERICAN FARM BUREAU FEDERATION,  
Washington, D. C., March 28, 1932.

Hon. FIORELLO H. LA GUARDIA,

House of Representatives, Washington, D. C.

DEAR MR. LA GUARDIA: In response to your letter of March 23 and your phone call of this morning, both relating to the position of the American Farm Bureau Federation in regard to salary reduction of governmental employees, may I advise that the Farm Bureau has not considered this proposition either in its annual meetings or by the board of directors, and consequently I can not state a position for the organization.

However, I can say that the organization I represent at Washington is not advocating salary reductions, as to do so would be proceeding without any definite organization support.

Sincerely,

CHESTER H. GRAY,  
Washington Representative.

THE FARMERS' EDUCATIONAL AND  
COOPERATIVE UNION OF AMERICA,  
Washington, D. C., March 24, 1932.

Hon. FIORELLO H. LA GUARDIA,

United States Representative, Washington, D. C.

DEAR MR. LA GUARDIA: In reply to your letter I want to say that I have been an admirer of yours for many years. I approve of practically every position you have taken on legislative matters before the House of Representatives.

It is my position that farmers can not pay their mortgages and high taxes by pulling other people down to their level. Our only hope is to rise to the level of the business, professional, and laboring groups.

I want to have a conference with you at the earliest possible moment. If you will name the day and hour, I will arrange my affairs accordingly.

Yours truly,

JOHN A. SIMPSON, President.

The following telegram was received from Mr. A. S. Goss, the chairman of the national executive committee of the National Grange:

SEATTLE, WASH., March 26, 1932.

F. H. LA GUARDIA,

Member of Congress, Washington, D. C.:

Neither National nor Washington State Granges have taken official action on wage cutting, so my views are strictly personal, but I am convinced that the only way to avoid general agricultural bankruptcy is to secure restoration of commodity prices to approximate level prevailing when we contracted nearly twenty billions in debts, and that reductions in general wage levels would tend to reduce purchasing power and assure continuance of low commodity price levels. Some adjustments of inequalities are necessary, but no general reduction is sound unless means can be found to reduce debts, taxes, and fixed overhead charges proportionally. Writing more fully.

A. S. GOSS,  
Master Washington State Grange.

WASHINGTON STATE GRANGE,  
Seattle, Wash., March 26, 1932.

Hon. F. H. LA GUARDIA, M. C.,

House Office Building, Washington, D. C.

DEAR MR. CONGRESSMAN: I received your wire asking my views on a general decrease in wages, and I have wired you as follows:

"Neither national nor Washington State Granges have taken official action on wage cutting so my views are strictly personal, but I am convinced that the only way to avoid general bankruptcy is to secure restoration of commodity prices to approximate levels prevailing when we contracted nearly twenty billions in debts and that reductions in general wage levels would tend to reduce purchasing power and assure continuance of low commodity price levels. Some adjustments of inequalities are necessary but no general reduction is sound unless means can be found to reduce debts, taxes, and fixed overhead charges proportionally. Writing more fully."

I am inclosing copy of editorial I wrote on this subject for Grange News of December 20, 1931. There is not much more to be added. I feel that prosperity depends upon developing the purchasing power of our people. There are several definite factors preventing its return, including—

1. Unemployment.
2. Fear of unemployment.
3. Low commodity prices.
4. Loss of confidence in financial institutions.

It is my belief that low commodity prices have been the cause of the whole mess. Agriculture joined with other organized groups in getting protective legislation for almost all other types of industry but found itself compelled to compete with the rest of the world with no protection on its basic stable commodities. Producing under a protective system, our costs of production were higher than the rest of the world, with the result that each year for the last 10 years agriculture has been living off of its capital. It was not the deflation of 1921 nor again 1929 which hit agriculture so extensively, but it was a gradual destruction of the capital investment and purchasing power of the farmers which went on for a 10-year period. It is impossible to destroy the pur-

chasing power of 40 per cent of our people, either engaged in agriculture or directly dependent upon agriculture, without bringing disaster down upon the whole Nation. We have been pointing this out for six or eight years without effect, but after we had consumed over \$30,000,000,000 of the \$78,000,000,000 invested in agriculture and had neither income nor credit with which to buy, the paralyzed consuming power of this great portion of our Nation was the direct cause of a piling up of surplus stocks in every line of industry, the recession of sales and profits, and the debacle of 1929.

A maintenance of wages will not alone clear the difficulty. Three distinct steps are necessary.

First, we must restore confidence in our financial institutions, and it is my personal opinion that the most effective and permanent method is through a system of Federal depositories, for I do not believe the temper of the people is such as to support, with confidence, any banking system under the control of the international bankers who have been responsible for a large portion of our present problems.

Second, agriculture must be given a type of protection as effective as that provided for labor and other industries.

Third, if these other two projects are accomplished so that we have remedied the troubles which have caused the disaster, men should be put back to work on the development of public improvements until the purchasing power is built up to the point of setting our wheels of industry in motion again.

In my opinion, it will not require a large expenditure of public funds if we can cure the two evils outlined in suggestions 1 and 2, for the country is woefully short of needed supplies, and if we can once establish a credit system which will make money available and stop hoarding and, at the same time, put 40 per cent of our people in a position where they can produce profitably, the demand will be overwhelming. The farms of America need a billion dollars' worth of paint alone, and this is but a very small item in the needs of rural America.

I have tried to outline what I believe is a constructive program. I am very confident that a destructive program, such as a general slashing of wages and commodity values, will but aggravate the situation.

Yours very truly,

A. S. GOSS.

#### WAGES AND PRICES

[Extract from letter received by State Master Goss]

"Is it true that you are opposing reduction in wages when everything else is down, and, if so, why?"

The question is such a live one and is being asked so frequently, that I shall attempt to answer through the columns of Grange News. The State Grange having taken no stand on the question, it will be understood that the views expressed are my personal opinion.

While some readjustments in wages are undoubtedly in order, as a general rule, I think it a serious mistake to advocate wage cutting or reduction in salaries, except in cases of those very large salaries which have always been too high. The problem which confronts America is not that of high wages or high salaries, but an unfair distribution of wealth which is being diverted to the possession of a very few. To curtail the spending power of the average wage worker or salaried man would serve to make matters worse rather than better.

There is a more direct reason why farmers should oppose such moves. Agriculture has a mortgage debt upon farms in excess of \$11,000,000,000, and it is estimated that it carries further debts, bringing the total close to \$20,000,000,000. Most of these debts were contracted when farm prices were from two to three times as high as they now are. A conservative estimate would be that these debts were contracted when farm prices averaged two and one-half times as high as at present.

The only means the farmer has of paying his debts is by raising farm produce and selling it. This means that in order to pay his debts and pay his interest he must market two and one-half times as much produce as when contracted. This means that in terms of farm produce—his only source of income—he must pay interest varying from 15 per cent to 20 per cent and must eventually pay \$2.50 on principal for every dollar borrowed, measured in terms of farm produce.

This can not be done.

If this condition continues it means wholesale bankruptcy for American agriculture.

Our only remedy lies in raising the commodity price level to a point somewhere near the point at which our \$20,000,000,000 in farm debts were contracted.

I know of no more powerful argument against restoring former price levels than the argument which could and would be presented if labor and salaried people were forced down to the same level as agriculture.

Justice requires that compensation for agriculture and compensation for labor and salaried men should be on a proportionate basis, but the farmer's effort to force their compensation down to our present levels, thus assuring that our present low levels will become practically permanent, is a very short-sighted policy. The only sound policy is to fight to have our commodity levels lifted to values comparable with wages and salaries.

Agriculture can not pay its debts at present commodity prices. We have no alternative. We must have restored commodity prices or bankruptcy. Why, therefore, should we go off on the tangent of destroying the purchasing power of our best customers and



thereby assist in fastening the present low commodity values upon us permanently?

I realize clearly that my opinions on this subject are not popular among most farmers, but I have given the matter the best thought of which I am capable and can not honestly express any other opinion.—A. S. G.

#### THE PRESIDENT IS FURNISHING NATIONAL LEADERSHIP

Mr. SNELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing therein a speech delivered over the radio last night by the gentleman from Indiana [Mr. Wood].

The SPEAKER. Is there objection?

There was no objection.

#### RADIO ADDRESS OF HON. WILLIAM B. WOOD, OF INDIANA, IN REFUTATION OF STATEMENTS OF HON. JOUETT SHOUSE

I am here to answer the slanderous statements made concerning the President of the United States by Mr. Jouett Shouse, chairman of the executive committee of the Democratic National Committee, last Saturday evening over a nation-wide hook-up on this broadcasting system. Mr. Shouse personally is not of sufficient consequence to warrant the distinction of being singled out for reply. It is the fact that his utterances were made in his capacity as the official spokesman of the Democratic National Committee that demands what he said to be given direct and positive refutation.

The President last Friday issued a public statement calling for unity of action in balancing the Budget, asking the Nation to support Congress in the difficult task and giving courageous assurance to the world that the financial structure of the United States Government would be sustained. He uttered no word of partisanship; he spoke highly of the Democratic leaders; he pitched his appeal to save hardship to millions in lofty terms of patriotism. His words gave stability in a world greatly shocked by the failure of the Democratic majority in the House to stand by its own measures, which failure threatened the entire fabric of public confidence. The President's statement appeared in the press of last Saturday morning.

Now comes Jouett Shouse spreading a smoke screen over this Democratic failure by misrepresentation and slander only paralleled by the last three years of effort by the Democratic National Committee to smear the President of the United States.

Mr. Shouse made three utterly false charges against the Chief Executive of the United States. First, that it was not until last Saturday that President Hoover made any appeal to the Congress or to the American public to balance the Budget. Second, that the existing deficit was created by this Republican administration. Third, that President Hoover introduced partisan politics into the present effort upon the part of the House of Representatives to pass a tax bill. I shall discuss these three slanders in the order mentioned.

Mr. Shouse said:

"In to-day's papers President Hoover has issued to the American people a plea that Congress shall balance the Budget. \* \* \* It must be a matter of regret to Mr. Hoover's friends, as it is a matter of deep moment to the American people, that he should have delayed so long in voicing his concern and in uttering his plea."

The record shows that President Hoover uttered his first warning against increasing and unwarranted Federal expenditures which would, if persisted in, unbalance the Budget as early as December 9, 1930. The President did not wait until after the horse was stolen before he urged Congress to lock the door.

In that statement he pointed out that bills calling for \$4,500,000,000 in appropriations over and above routine appropriations necessary to run the Government had been introduced under the guise of giving relief to some kind or another. And he warned Congress that their passage would result in financial embarrassment to the Federal Government in that it would necessitate either an increase in taxes or an increase in bond issues. I now quote from his warning as of that date:

"No matter how devised, an increase in taxes in the end falls upon the workers and the farmers, or, alternatively, deprives industry of that much ability to give employment and defeats the very purpose of these schemes. For the Government to finance public bond issues deprives industry and agriculture of just that much capital for its own use and for employment."

Then the President added: "Prosperity can not be restored by raids upon the Public Treasury. The leaders of both parties are cooperating to prevent any such event."

Note the President was gracious enough to state that "the leaders of both parties are cooperating" to prevent a raid upon the Treasury. He did not single out the Democratic Party or any of its leaders for criticism. Yet on the very day the statement was issued, Democrat after Democrat arose upon the floor of Congress and denounced President Hoover because of it. That instant reaction by the Democrats constituted a public admission that they were the ones guilty of attempting to raid the Public Treasury. The shoe fit, and they hastened to put it on.

The attack in the Senate was led by the late Senator Caraway, who poured upon the head of the President all the bitter denunciation for which the Arkansas Senator was noted. He was followed by Senator WALSH, Democrat, of Massachusetts, who, after denouncing the President, challenged his statement that "leaders

of both parties were cooperating" against the orgy of appropriations. Senator WALSH challenged any Democrat who agreed with the President to make it known, because he said he wanted such a Democrat "marked" so that his associates might know him for what he was.

Senator PAT HARRISON joined in the denunciation of President Hoover's calling a halt to outrageous demands upon the Public Treasury. He charged that the President's statement that leaders of both parties were cooperating to prevent the Public Treasury being raided was not true, in so far as Democratic leadership was concerned. Here are Senator HARRISON's words upon that point:

"President Hoover is trying to put Democratic leadership in a hole, and he is doing it deliberately. He is trying to compel Democratic leadership to assume responsibilities that it should not assume."

That is the first time in the annals of American history that a spokesman for a political party ever charged that he and other leaders of his party were being "put in a hole" by being asked to cooperate in protecting the integrity of the Federal Treasury. Senator WALSH of Massachusetts interrupted Senator HARRISON's harangue with the following question:

"I should like to inquire of the Senator if he knows of a single Democratic leader in this country who is in sympathy with the policy and sentiments expressed in the statement of the President of the United States?"

To which question Senator HARRISON replied that he did not know of any such Democratic Senator, and then Senator HARRISON continued:

"We (the Democrats) propose to vote for such appropriations, large though they may be in the estimate of the President as are required to meet this situation; and if increased taxes are necessary to do that, then let us have the courage and the statesmanship to meet the issue at that time."

By reason of President Hoover's resolute opposition, the majority of the bills which he referred to failed of passage. Nevertheless a few were passed, and President Hoover vetoed them—nine in number. Seven of his vetoes were sustained. Those seven bills carried in the aggregate appropriations for \$853,787,000, which was saved for the public by the President's veto. Two of his vetoes were overridden. One of them accounts for \$60,000,000 of the present deficit. The other bill passed over the President's veto accounts for over \$300,000,000 of this deficit and, in addition, the sale of Government securities to the amount of \$930,000,000, which has had the effect of depreciating the market value of all Government securities and increasing the rate of interest which the Federal Government must pay on securities it must issue to meet the existing deficit. For the veto of those bills, President Hoover was bitterly denounced by Democrats in both branches of Congress.

September 21, 1931, President Hoover journeyed to Detroit, Mich., to address the annual convention of the American Legion, for the purpose of enlisting the efforts of that organization against further increases of governmental expenditures at this time. In the course of his address he said:

"The imperative moment has come when increase in Government expenditures must be avoided, whether it be ill-considered, hasty, and uninformed legislation, or whether it be for services meritorious in themselves. Every additional expenditure placed upon our Government in this emergency magnifies itself out of all proportion into intolerable pressure, whether it is by taxation or by loans. Either loans or taxes beyond the very minimum necessities of government will drain the resources of industry and commerce, and that, in turn, will increase unemployment."

The President, in his annual message to Congress last December, renewed his appeal to keep down expenditures. He warned Congress that to go further in expenditures would "destroy public confidence, denude commerce and industry of its resources, jeopardize the financial system, and actually extend unemployment and demoralize agriculture, rather than relieve them."

The President renewed his appeal to keep down expenses in his Budget message of December 6, last year.

In a special message to Congress January 4 this year, he renewed his appeal, stating that "The country must have confidence that the credit and stability of the Federal Government will be maintained by drastic economy in expenditures."

Alarmed by the number of "pork-barrel" bills which were introduced in the present Congress, some of which gave promise of passage, on January 8 last the President renewed his warning in a special statement in which he stated that our first duty as a nation was to put our governmental house in order by the reduction of governmental expenditures. He added the warning that "We can not squander ourselves into prosperity."

In view of this record, then, it is an exhibition of political mendacity for the official spokesman of the Democratic National Committee to make the public charge that the President of the United States did not, until last Saturday, raise his voice in an effort to balance the Budget of the United States.

The second charge of Mr. Shouse is that the existing deficit is "a Hoover deficit." This is not the first time Mr. Shouse has made that charge. He made it in a formal address over the air March 13 last. Mr. Shouse is not the only Democratic leader making that charge. It has been repeatedly made by Democrats on the floor of the House during the discussion of the pending tax bill. The evidence is conclusive that the Democratic Party is launching upon a campaign of misrepresentation in regard to the deficit quite as malicious and unfounded as its campaign charging the panic to President Hoover.



What are the facts? The deficit for the last fiscal year, ending June 30, 1931, was \$500,000,000, not including debt redemption. The decrease in Federal revenues for that year was \$861,000,000. The deficit for the current fiscal year, ending next June 30, will be approximately \$2,000,000,000, not including debt reduction. How much of this will be due to decreasing revenues can not be determined at this date. But it is definitely known that the revenues for the calendar year 1931 were more than \$2,000,000,000 less than for the calendar year 1928, and at the rate the decrease in revenues is progressing there is not the slightest doubt but that the revenues for the current fiscal year may show a decrease of at least \$2,500,000,000.

President Hoover can no more be charged with the responsibility for this decrease in the public revenues, the major factor in the deficit, than he can be charged with having caused the Great War, the stock-exchange panic, the drought, the Porto Rican hurricane, the Government of Great Britain going off the gold standard, the revolutions in 18 countries, the overproduction of commodities, the panic in Germany, or any other of the numerous disasters, both economic and physical, which have overtaken the world during the past few years and caused and prolonged this depression.

A portion of the deficit is due to increased appropriations—some emergency appropriation, some otherwise. Of the emergency appropriations, \$500,000,000 were for increasing public buildings and public-work construction as a means of relieving unemployment. Every Democrat in both branches of Congress voted for these appropriations and criticized the President because they were not larger. In fact, on last Saturday afternoon, only a few hours before Mr. Shouse made his attack upon the President, Senator WAGNER, Democrat of New York, in a radio talk over another broadcasting system, criticized the present administration for not going ahead with public works, which would amount to an expenditure of another \$1,000,000,000.

Drought relief necessitated an emergency appropriation of \$45,000,000. Every Democrat in both branches of Congress voted for this and criticized the President because it was not made \$100,000,000. Sixty-six million five hundred thousand dollars are accounted for by increased pensions, for which the Democrats voted, which the President vetoed, and which the Democrats assisted in passing over the President's veto. Seventy-one million dollars is accounted for by additional appropriations for the Veterans' Bureau. These are the facts. The record shows it. They can not be truthfully contradicted.

Mr. Shouse is greatly concerned about the "Hoover deficit." He views a Federal deficit from an entirely different angle than he did a year ago. In the February, 1931, Atlantic Monthly, Mr. Shouse was urging limitless expenditures by the Federal Government, regardless of deficits which such a policy might create. Criticizing the Republican administration at that time for not spending more money, he said:

"Federal work in the construction of roads and public buildings should be pushed and expanded. We appropriated money without stint to meet the demands of war. In the same spirit we should expend whatever sum is necessary to care for the present severe crisis of peace. And we should not be too much concerned over the possibility that there may be a deficit in the Treasury."

Shortly after that article appeared, Mr. Shouse made a speaking tour of the United States. Everywhere he went he denounced the Republican administration and President Hoover for not going ahead blindly, squandering money right and left, giving every community and almost every individual a Federal hand-out regardless of the deficit that would thereby be created.

Democratic Members of the present Congress, regardless of President Hoover's repeated warnings, regardless of the existing deficit, regardless of the necessary increase in taxes or bonded indebtedness which would jeopardize the financial structure of the United States, are already boasting of the fact that they are going to add another \$2,000,000,000 to the existing deficit by the passage of another bonus bill.

The third false charge laid against the President by Mr. Shouse was that President Hoover has introduced partisanship into the discussion of the pending tax bill. He based that charge upon the statement of a third person who, coming from the White House, said the President had characterized the tax bill, as defeated by the House last week, as a Democratic measure. The President may or may not have so designated that bill. He probably did not, as he had urged Republicans to support the bill as a necessity because of the great crisis, even if they did not like the bill. If he did, he spoke the truth and merely repeated what the Democratic leaders sponsoring the bill had already stated on the floor of the House.

The record shows that Representative CRISP, Democrat, of Georgia, acting chairman of the Ways and Means Committee, when he reported the bill to the House March 10, specifically stated that the Treasury Department, which represents the administration, presented to the committee an entirely different program than that reported by the committee. He repeated this on the floor of the House March 19, when he said:

"May I say here that the Treasury Department was opposed to a manufacturers' tax (that is, the sales tax). They repeatedly expressed their opposition to it and urged that the Treasury program be adopted; but after the committee had worked for a week or ten days in executive session considering these special items, I suggested that a subcommittee be appointed to consider the broad

basis of a manufacturers' tax. The Treasury Department was still opposed to a sales tax."

So the sales-tax feature of the tax bill was not an administration measure. It did not have the sanction of the Treasury Department. Nevertheless, when the bill was reported, the entire force of the administration was placed back of the passage of the bill as reported, because the administration, with President Hoover as its leader, felt that the passage of a tax measure which would balance the Budget was of far greater importance than any discussion as to the authorship of the bill. That attitude certainly was not partisanship.

Mr. Shouse says in this connection that if President Hoover had made his statement two weeks ago, before the House had acted upon the sales tax—and I now quote Mr. Shouse:

"It would have helped those who were trying to fight the battle for a balanced Budget. Now it is issued after the House has wrecked the committee bill and after the legislative situation has been thrown into such a state of confusion, and even chaos, that the outcome is difficult to predict."

But Mr. Shouse did not tell his radio audience that of the 153 votes which were cast in support of the sales-tax feature, 113 were delivered by the Republican administration and only 40 of them were delivered by the Democratic House organization which had reported the bill and which had sponsored it on the floor of the House. The Republican votes for the bill constituted a majority of the Republican membership of the House. If a majority of the Democratic membership had voted for their own measure it would have passed. Instead, only 40 out of a Democratic membership of 220 supported the bill.

There is not the slightest doubt but that the legislative situation in the House of Representatives has been thrown into a state of confusion and chaos, but it exists because of the fact that the Democratic membership of the House refused to follow its own leadership on the floor and not because of any lack of help from the Republicans and the administration.

By humiliating their own leadership and destroying their own organization the Democrats in the House have reverted to type. They have demonstrated they are unable to govern themselves, and therefore it stands to reason that they can not be expected to govern the country.

The leadership of the American people has been furnished by President Hoover for the last three years. It has been courageous and constructive. It has saved the American people from the infinitely greater misery that exists among other peoples of the world. In this critical hour all that Jouett Shouse and the other hirelings of the Democratic National Committee are able to suggest to the country is the destruction of confidence in the Government of the United States and the repudiation of its President.

The United States is at war with depression. The general who is courageously leading it toward victory is now being hampered by demagogues who seek to break down support while the battle is on.

#### DEATH OF HON. CHARLES J. THOMPSON

Mr. KNIFFIN. Mr. Speaker, I ask unanimous consent to address the House for one minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. KNIFFIN. Mr. Speaker, I rise to announce the death of a former Member of this House.

I learned last night that my predecessor, Hon. Charles J. Thompson, of Defiance, Ohio, passed away at the home of his son in Albuquerque, N. Mex.

While Mr. Thompson and I were opponents, I am gratified to be able to give assurance that our personal relations were friendly. He was a high-standard citizen and a faithful and efficient public servant. During his 12 years of service in the House he endeared himself to many of the Members of this body.

Mr. Speaker, I desire to express my personal feeling of sorrow in the passing of this distinguished citizen of the State of Ohio and of my congressional district.

#### ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 1 minute p. m.) the House adjourned until to-morrow, Wednesday, March 30, 1932, at 12 o'clock noon.

#### COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, March 30, 1932, as reported to the floor leader by clerks of the several committees:

##### PATENTS

(10 a. m.)

Up to and including 10157, patent bills (H. R. 10152).



## JUDICIARY—SUBCOMMITTEE NO. 2

(10 a. m.)

Terms of court at Orlando, Fla. (H. R. 4709).

Terms of court in North Dakota (H. R. 9306).

Granting the Legislature of Porto Rico the power to enforce the prohibition of intoxicating liquors (H. R. 6711).

## EXECUTIVE COMMUNICATIONS, ETC.

509. Under clause 2 of Rule XXIV, a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the District of Columbia for the fiscal year 1933, in the amount of \$7,000, for the maintenance of health-department dispensaries (H. Doc. No. 285) was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BURTNESS: Committee on Interstate and Foreign Commerce. H. R. 9143. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Elbowoods, N. Dak.; without amendment (Rept. No. 926). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H. R. 9301. A bill to extend the times for commencing and completing the construction of a bridge across the Black River at or near Pocahontas, Ark.; with amendment (Rept. No. 927). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H. R. 9385. A bill authorizing Roy H. Campbell, Charles H. Brown, G. H. Wilsey, and Dr. H. O. Strosnider, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Des Moines River at or near St. Francisville, Mo.; without amendment (Rept. No. 928). Referred to the House Calendar.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H. R. 10038. A bill authorizing the South Carolina and Georgia State highway departments to construct, maintain, and operate a toll bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.; with amendment (Rept. No. 929). Referred to the House Calendar.

Mr. WYANT: Committee on Interstate and Foreign Commerce. H. R. 10092. A bill to extend the time for completing a bridge across the Potomac River at or near Great Falls; with amendment (Rept. No. 930). Referred to the House Calendar.

Mr. SHALLENBERGER: Committee on Interstate and Foreign Commerce. H. R. 10159. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near O'Hern Street, South Omaha, Nebr.; with amendment (Rept. No. 931). Referred to the House Calendar.

Mr. WYANT: Committee on Interstate and Foreign Commerce. H. R. 10365. A bill granting the consent of Congress to the counties of Fayette and Washington, Pa., either jointly or severally to construct, maintain, and operate a toll bridge across the Monongahela River at or near Fayette City, Pa.; without amendment (Rept. No. 932). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 10585. A bill authorizing the Fort Hancock-Porvenir Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Fort Hancock, Tex.; without amendment (Rept. No. 933). Referred to the House Calendar.

Mr. MALONEY: Committee on Interstate and Foreign Commerce. S. 3836. An act to authorize the construction of a temporary railroad bridge across Pearl River at a point in or near the northeast quarter section 11, township 10 north, range 8 east, Leake County, Miss.; without amendment (Rept. No. 934). Referred to the House Calendar.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CLARK of North Carolina: Committee on Claims. H. R. 3928. A bill for the relief of Addie I. Tryon and Lorin H. Tryon; without amendment (Rept. No. 935). Referred to the Committee of the Whole House.

Mr. LICHTENWALNER: Committee on Foreign Affairs. H. R. 10259. A bill for the relief of Emma R. H. Taggart; without amendment (Rept. No. 936). Referred to the Committee of the Whole House.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CHASE: A bill (H. R. 10921) to authorize the erection of a Veterans' Administration hospital in the northern part of the State of Pennsylvania, and to authorize the appropriation therefor; to the Committee on World War Veterans' Legislation.

By Mr. MAAS: A bill (H. R. 10922) to amend section 1020 of the Revised Statutes, relating to recognizances in criminal causes; to the Committee on the Judiciary.

By Mr. WELCH of California: A bill (H. R. 10923) to provide for the promotion of watchmen, messengers, and laborers employed in the Post Office Department; to the Committee on the Post Office and Post Roads.

By Mr. GAVAGAN: A bill (H. R. 10924) to amend section 4916 of the Revised Statutes (U. S. C., title 35, sec. 64); to the Committee on Patents.

By Mr. COCHRAN of Pennsylvania: A bill (H. R. 10925) to authorize the erection of a Veterans' Administration hospital in the northwestern part of the State of Pennsylvania, and to authorize the appropriation therefor; to the Committee on World War Veterans' Legislation.

By Mr. EVANS of Montana: A bill (H. R. 10926) to authorize conveyance to the United States of certain lands in the State of Arizona for use of the United States in maintaining air-navigation facilities, and for other purposes; to the Committee on the Public Lands.

By Mr. GARBER: A bill (H. R. 10927) conferring jurisdiction on the Court of Claims to adjudicate the rights of the Ojibwa and Missouria Tribes of Indians to compensation on a basis of guardian and ward; to the Committee on Indian Affairs.

By Mr. FISH: A resolution (H. Res. 175) for the appointment of a select committee of five Members of the House to inquire into old-age pensions, and for other purposes; to the Committee on Rules.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUNNER: A bill (H. R. 10928) for the relief of Norman Beier; to the Committee on Claims.

By Mr. DICKINSON: A bill (H. R. 10929) granting a pension to Julia A. Millam; to the Committee on Invalid Pensions.

By Mr. DRANE: A bill (H. R. 10930) granting an increase of pension to William E. Drane; to the Committee on Pensions.

By Mr. EVANS of California: A bill (H. R. 10931) granting a pension to Lucius D. Mellor; to the Committee on Pensions.

By Mr. FRENCH: A bill (H. R. 10932) granting a pension to Ina B. Ritchey; to the Committee on Pensions.

By Mr. GARBER: A bill (H. R. 10933) for the relief of Louis Weythma; to the Committee on Military Affairs.

By Mr. GRISWOLD: A bill (H. R. 10934) granting an increase of pension to Mary E. Brineman; to the Committee on Invalid Pensions.

By Mr. HESS: A bill (H. R. 10935) granting a pension to Abaline Merrill; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10936) granting a pension to Ida L. Budd; to the Committee on Invalid Pensions.



By Mr. HOGG of Indiana: A bill (H. R. 10937) granting an increase of pension to Sophronia Wiler; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Missouri: A bill (H. R. 10938) granting a pension to Manila Phillips; to the Committee on Invalid Pensions.

By Mr. LANHAM: A bill (H. R. 10939) for the relief of Edward N. Jerry; to the Committee on Military Affairs.

By Mr. LONERGAN: A bill (H. R. 10940) for the relief of Jules Entenberg; to the Committee on War Claims.

By Mr. LOVETTE: A bill (H. R. 10941) for the relief of Benjamin H. Pope; to the Committee on Military Affairs.

Also, a bill (H. R. 10942) granting a pension to Sarah C. Hilton; to the Committee on Pensions.

Also, a bill (H. R. 10943) granting a pension to Alva V. Anderson; to the Committee on Pensions.

Also, a bill (H. R. 10944) granting a pension to Wilburn G. Sparks; to the Committee on Pensions.

Also, a bill (H. R. 10945) granting a pension to William H. Lacey; to the Committee on Pensions.

Also, a bill (H. R. 10946) granting a pension to Hiram P. Sloan; to the Committee on Pensions.

Also, a bill (H. R. 10947) granting a pension to Mahlon S. Jones; to the Committee on Pensions.

Also, a bill (H. R. 10948) granting a pension to Jonah C. Prather; to the Committee on Pensions.

Also, a bill (H. R. 10949) granting a pension to George W. Trent; to the Committee on Pensions.

Also, a bill (H. R. 10950) granting a pension to Jim P. Nelms; to the Committee on Pensions.

Also, a bill (H. R. 10951) granting an increase of pension to Mary E. Hyder; to the Committee on Pensions.

Also, a bill (H. R. 10952) granting a pension to Chanley C. Freeman; to the Committee on Pensions.

Also, a bill (H. R. 10953) granting an increase of pension to Martha Vittetoe; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10954) for the relief of Solomon Price; to the Committee on Military Affairs.

Also, a bill (H. R. 10955) granting a pension to Mary A. Green; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10956) granting a pension to Martha Ann Gady; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10957) granting a pension to Margaret St. Clair; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10958) granting a pension to Nora Henley Pierce; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10959) granting a pension to Mary E. White; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10960) granting a pension to George R. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10961) granting a pension to Mary E. Ringer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10962) granting a pension to John Harrison Foshee; to the Committee on Invalid Pensions.

By Mr. MARTIN of Oregon: A bill (H. R. 10963) for the relief of Nettie Hively; to the Committee on the Public Lands.

By Mr. PURNELL: A bill (H. R. 10964) granting a pension to Martha E. Atcheson; to the Committee on Invalid Pensions.

By Mr. REILLY: A bill (H. R. 10965) granting an increase of pension to Sarah L. Bowen; to the Committee on Invalid Pensions.

By Mr. SELVIG: A bill (H. R. 10966) granting a pension to Louis Qual; to the Committee on Pensions.

By Mr. STALKER: A bill (H. R. 10967) granting a pension to John A. Donahue; to the Committee on Pensions.

Also, a bill (H. R. 10968) granting an increase of pension to Sally Strock; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10969) granting an increase of pension to Mary J. Corchran; to the Committee on Invalid Pensions.

By Mr. TEMPLE: A bill (H. R. 10970) granting an increase of pension to Jennie M. P. Dunkle; to the Committee on Pensions.

By Mr. TIERNEY: A bill (H. R. 10971) for the relief of John Howard Smith; to the Committee on Military Affairs.

By Mr. VINSON of Kentucky: A bill (H. R. 10972) extending the time for the consideration of application for retirement of John W. Stephenson under the emergency officers' retirement act; to the Committee on Military Affairs.

By Mr. WELSH of Pennsylvania: A bill (H. R. 10973) for the relief of Augustus Thompson; to the Committee on Claims.

By Mr. WYANT: A bill (H. R. 10974) granting an increase of pension to Sarah A. Story; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5127. By Mr. ARNOLD: Petition of citizens of Centralia, Ill., and vicinity, recommending a program of economy and retrenchment in governmental affairs; to the Committee on Expenditures in the Executive Departments.

5128. Also, petition of citizens of Centralia, Ill., and other points, recommending a program of economy and retrenchment in governmental expenditures and appropriations; to the Committee on Expenditures in the Executive Departments.

5129. Also, petition of citizens of southern Illinois, urging legislation to bring about better economic conditions throughout the country and strict economy in governmental expenditures; to the Committee on Expenditures in the Executive Departments.

5130. Also, petition of citizens of various towns in southern Illinois, urging a policy of strict economy in the matter of governmental expenditures and appropriations; to the Committee on Expenditures in the Executive Departments.

5131. By Mr. BACON: Petition of directors of the Chamber of Commerce of the United States, urging the balancing of the Budget through proper measures of economies and taxation as being first essential for improvement in country's economic position; to the Committee on Ways and Means.

5132. Also, petition of Chelberg and Battle Post, No. 383, American Legion, favoring immediate cash payment in full of adjusted-compensation certificates; to the Committee on Ways and Means.

5133. Also, petition of Bay Shore Post, No. 365, American Legion, favoring immediate cash payment in full of adjusted-compensation certificates; to the Committee on Ways and Means.

5134. By Mr. BOYLAN: Letter from the Allied Printing Trades Council of Greater New York, New York City, N. Y., opposing all legislation suggesting a reduction in wages of Government employees; to the Committee on the Civil Service.

5135. Also, resolution adopted by the directors of the United States Chamber of Commerce, Washington, D. C., regarding the balancing of the Budget; to the Committee on Ways and Means.

5136. Also, resolution adopted by the New York County committee of the American Legion, Department of New York, opposing any proposed reduction of the War Department appropriation that may affect the national defense act; to the Committee on Appropriations.

5137. Also, resolution adopted by the Brooklyn Chamber of Commerce, Brooklyn, N. Y., regarding the rates of duty as between raw and refined sugar, etc.; to the Committee on Ways and Means.

5138. By Mr. BUTLER: Telegrams from 20 business men of Baker, Oreg., protesting against any reduction in salaries of Federal employees; to the Committee on Expenditures in the Executive Departments.

5139. By Mr. CRAIL: Petition of the Angelus Post Auxiliary, No. 833, Veterans of Foreign Wars, Los Angeles, Calif., favoring the enactment of House bill 157, authorizing the erection of a sanitary fireproof dormitory and infirmary for disabled women veterans; to the Committee on Military Affairs.

5140. By Mr. CULKIN: Petition of Joseph W. Colway and 19 other ex-service men, of Oneida, N. Y., urging legislation



providing for the immediate cash payment of the balance of the adjusted-compensation certificates; to the Committee on Ways and Means.

5141. By Mr. GAVAGAN: Petition of the New York County committee of the American Legion, condemning any reduction of the War Department appropriation; to the Committee on Appropriations.

5142. By Mr. GILCHRIST: Petition of 132 citizens of the eighth congressional district of Iowa, urging the passage of House bill 1, being the adjusted compensation bill; to the Committee on Ways and Means.

5143. By Mr. HOCH: Petition of the Women's Society of the Methodist Episcopal Church, of Manhattan, Kans., urging support of the maintenance of the prohibition law and its enforcement, and against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

5144. Also, petition of the Willard Woman's Christian Temperance Union, of Manhattan, Kans., urging the maintenance of the prohibition law and its enforcement, and against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

5145. Also, petition of a congregational meeting of the Presbyterian Church of Osage City, Kans., urging the support of the maintenance of the prohibition law and its enforcement, and against any measure looking toward modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

5146. By Mr. JAMES: Petition of Pilgrim Lodge, No. 47, of the Independent Order of Odd Fellows, Houghton, Mich., through John MacDonald, noble grand, and Edward A. Medlyn, secretary, favoring a tariff on copper; to the Committee on Ways and Means.

5147. By Mr. JOHNSON of Texas: Petition of E. L. McCluney, W. L. Bain, and B. M. White, of Kerens, Tex., favoring House bill 6178; to the Committee on the Post Office and Post Roads.

5148. By Mr. JONES: Petition of Post Commander I. E. Biggs and Adj. A. L. Josey, acting for entire Sylvester (Tex.) Post, American Legion; to the Committee on Ways and Means.

5149. Also, petition of R. O. Stark, post commander, Fernallen Post, American Legion, O'Donnell, Tex.; to the Committee on Ways and Means.

5150. By Mr. KENNEDY: Petition of New York County committee of the American Legion, condemning any reduction of the War Department appropriation; to the Committee on Appropriations.

5151. Also, petition of the Legislature of the State of New York, urging regulation of the transportation of persons

and property in interstate commerce; to the Committee on Interstate and Foreign Commerce.

5152. By Mr. MILLARD: Resolution adopted by the Ossining Post, No. 506, of the American Legion, located at Ossining, N. Y., urging bonus legislation; to the Committee on Ways and Means.

5153. By Mr. PARTRIDGE: Petition of residents of Oxford County, Me., protesting against the enactment of Senate bill 1202, known as the compulsory Sunday observance bill; to the Committee on the District of Columbia.

5154. By Mr. RUDD: Petition of James McCreery & Co., New York City, favoring the passage of the Baldrige bill, H. R. 7430, and the Andresen bill, H. R. 9971; to the Committee on the Judiciary.

5155. Also, petition of John A. Schwartz (Inc.), favoring the passage of the Baldrige bill, H. R. 7430, and the Andresen bill, H. R. 9971; to the Committee on the Judiciary.

5156. Also, petition of Folsom Men's Club of the Folsom Avenue Methodist Episcopal Church, Glendale, Long Island, N. Y., opposing reduction of Federal employees' salaries; to the Committee on Appropriations.

5157. By Mr. SELVIG: Petition of numerous citizens of Minnesota, favoring increased taxes on higher incomes, inheritances, and gifts; to the Committee on Ways and Means.

5158. By Mr. STALKER: Petition of residents of Addison and Painted Post, N. Y., against compulsory Sunday observance; to the Committee on the District of Columbia.

5159. By Mr. SUMMERS of Washington: Petition signed by Mrs. Joe Elsensohn and several hundred other citizens of Asotin County, Wash., many of whom are unemployed, urging the enactment of House bill 137, the Summers farm to market post road bill, and petitioning for other relief measures; to the Committee on the Post Office and Post Roads.

5160. By Mr. TEMPLE: Petition supporting legislation providing for full payment of adjusted compensation; to the Committee on Ways and Means.

5161. By Mr. THOMASON: Petition of citizens of El Paso and Tom Green Counties, Tex., urging that Congress enact no legislation that would impair the effectiveness of the agricultural marketing act; to the Committee on Agriculture.

5162. By Mr. WYANT: Petition of Westmoreland County Chapter, No. 35, Disabled American Veterans of the World War, urging full payment of adjusted-service certificates; to the Committee on Ways and Means.

5163. Also, petition of 82 members of the Croatian Fraternal Union of America, of Greensburg, Pa., protesting against deportation of foreign born; to the Committee on Immigration and Naturalization.